

**CITY OF STEPHENVILLE, TEXAS**

*COMPREHENSIVE ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED SEPTEMBER 30, 2015*

*PREPARED BY*

*FINANCE DEPARTMENT*

*Walter G. Wood, CPA  
Director of Finance/Administration*

**CITY OF STEPHENVILLE, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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*Introductory Section*

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January 30, 2016

TO: The Honorable Mayor, Members of the City Council, and the Citizens of Stephenville (the "City")

The Finance Department and City Administrator's Office are pleased to submit the Comprehensive Annual Financial Report for the City of Stephenville, Texas for the fiscal year ended September 30, 2015.

This report provides the city council, city staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the city government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To the best of our knowledge and belief the enclosed data is accurate in all material respects, and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Rutledge, Crain & Co., PC, has issued an unqualified ("clean") opinion on the City's financial statements for the year ended September 30, 2015. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## CITY PROFILE



### Location

The City is a political subdivision and municipal corporation of the State of Texas, duly organized and existing under the laws of the state and the City's home rule charter. The City was incorporated in 1854 and chartered a home-rule city under Texas law in 1961. The City is located on the intersection of U.S. Highways 67, 281, and 377. The City occupies approximately 11.79 square miles and serves a population of about 19,560. The City is empowered by state statute to levy a tax on both real and business personal property located within its boundaries. The City also has the power by state statute to extend its corporate city limits by annexation, which is done periodically when deemed appropriate by the city council.

The City operates under the mayor-council form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and eight (8) council members. The city council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the city administrator. The city administrator is responsible for carrying out the policies and ordinances of the city council, for overseeing the day-to-day operations of the City, and appointing heads of various departments. The mayor and city council members each serve two-year terms, and are elected at large. The basic financial

statements of the City include all governmental activities, organizations and functions for which the City is financially accountable as defined by the Government Accounting Standards Board (GASB). Based on these criteria no other governmental organizations are included in this report.

### Services Provided

The City provides a full range of services, including public safety (police, fire, and emergency medical), maintenance of streets and infrastructure, sanitation services, maintenance of the treated water distribution system and both sanitary and storm sewer collection and transmission systems, recreational activities and cultural events, landfill operations, airport facility maintenance as well as general administrative services.

### Accounting System and Budgetary Control

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities incurred. Accounting records for the City's utilities are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The annual budget serves as the foundation of the City's financial planning and control. The city council formally adopts the budget and legally appropriates available monies for activities of the General Fund, Special Revenue Funds and Debt Service Fund.

No later than August 1<sup>of</sup> each year, the city administrator submits to the city council a proposed budget which provides a complete plan for the fiscal year commencing October 1. The budget includes proposed expenditures and means of financing them. The proposed budget is made available for public inspection, and a public hearing is held to allow for citizen comment. After the public hearing, council may make changes to any item in the budget, except those fixed by law. No later than September 23, the budget is legally enacted by ordinance which sets the limit on expenditures during the fiscal year. Additional expenditures may be authorized in the case of grave public necessity to meet unusual and unforeseen conditions which could not have reasonably been foreseen at the time the budget was adopted.

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the departmental level; however, expenditures are monitored monthly at the department level to ensure financial accountability by department directors. Management control of budgets is further maintained at the line item level within the department. The City also maintains an encumbrance accounting system to further

accomplish budgetary control. Under the City's financial policies, encumbered amounts in the General Fund at year's end lapse and balances flow forward as undesignated fund balances. For Capital Improvement Funds and Special Revenue Funds the encumbered amounts are reflected as a restriction of the fund balance at year's end. Encumbrances are generally re-appropriated as a part of the following year's budget. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

## **ECONOMIC CONDITION**

### Local Economy

The City serves as the center of commerce and recreation to over 40,000 Erath County residents. The City is the county seat and the principal commercial, medical, retail, educational and industrial center of Erath County. The City currently enjoys a fairly stable and diversified economic environment, bolstered by the strength of both the Cross Timbers area and the State of Texas. Our economy is based on agriculture, manufacturing, and Tarleton State University. Agriculture has long been Erath County's leading industry with livestock, especially beef, dairy and other livestock production. Erath County accounts for 27 % of the state's total milk production. The City is fortunate to have several manufacturing industries in town. Local manufacturing includes coated abrasives, oilfield related products, cream cheese, fiber gratings and fasteners, metal processing of electrical products, trailer customization, and forged pipe unions. Tarleton State University, a member of the Texas A&M System, provides further economic stability as the largest employer. The student body includes representatives from 220 Texas counties, 45 states, and 34 foreign countries. Tarleton's 2015 fall enrollment was still in excess of 12,000 students.

Stephenville ranks high in the state for a quality of work environment. As of September 2015, with unemployment at 4.2% statewide, Stephenville's unemployment was 3.84%. The city has adequate—yet below-average—wealth and income. According to the U. S. Census Bureau's 2014 American Community Survey published in 2015, Stephenville's median household income is \$35,015 compared to \$47,925 for DFW and \$53,482 for Texas. Also, according to the survey, the workforce is educated with 29.4% of the population having a bachelor's degree or higher, compared to 28% for DFW and 29.3% for Texas.

The stable property values, sales tax receipts and building activity reflect the area's positive economic climate. The City continues to have a low commercial vacancy rate coupled with new commercial and educational building construction. Creekside Townhomes has started phase 1, which consists of 111 units estimated at \$6 million dollars. The old Coca Cola plant has been redesigned and is now a 6 unit commercial building. Cricket Wireless has committed to one of the units and an urgent care clinic is in the works as well. Aldi grocery store has plans to come to Stephenville as well as Panda Express. We hope to see lots of new economic development coming to Stephenville with the newly appointed Stephenville Economic Development Association Board and their new director.

### Long-Term Financial Planning

The City's ability to respond to on-going economic challenges will require careful long-range planning. The City has responded to the economy by fiscal conservatism and implementing operating budget efficiencies that have resulted in maintaining healthy fund balances in its general fund and water/wastewater funds.

Users of this document are encouraged to read the City's Fiscal Year 2015-2016 Budget. The document details the City's long-term goals and financial policies, describes program accomplishments and initiatives, and outlines the City's capital improvement program. Also available for reference is the City of Stephenville's Comprehensive Plan which was adopted in 2006 and maps out the City's future strategies.

In addition, the City has recognized the long-term financial implications of its pension and retiree health benefits. Regarding pensions, we have adopted accelerated funding as proposed by the Texas Municipal Retirement System to ensure the long-term sustainability of the plan. The City does not provide for retiree health care. The City intends to provide a sustainable benefit to our employees without shifting costs to future tax payers.

#### Relevant Financial Policies

The City Council has adopted a series of financial standards and policies for operating and debt management. Management of the City has made every effort to comply with these standards and policies and believe we are currently in compliance.

The City Council Finance Committee meets on an as-needed basis to discuss financial and budgetary information, financial policies, fund balance reserve requirements and tax rate setting information. None of the City's financial policies had a significant impact on the current period's financial statements, as the City was able to maintain reserve levels within the stated policies for the governmental funds. Constant review of revenue and expenditure trends and reserve levels is maintained with specific responsibility assigned to the Finance Director and City Administrator. The City's Finance Department publishes a monthly financial report which provides internal and external users with the general awareness of the City's financial positions and economic activity.

#### Major Initiatives

The City currently has two projects underway. The Clark Field Municipal Airport is working on a runway extension project. This is a \$5 million dollar project with a 90/10 match coming from TXDOT Aviation. The environmental study is currently being done. The City is also working on expanding the Bosque River Trail. Land is being acquired for the expansion. The City is working on this project with TXDOT. It is an 80/20 match. Currently the City has no plans to issue debt.

### **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Financial Reporting to the City of Stephenville for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2014.

The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This award was the 29<sup>th</sup> consecutive year that the City of Stephenville has achieved this prestigious award. In order to be awarded a Certificate of

Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire city staff. We would like to express our appreciation to all staff members who assisted and contributed to its preparation. We would also like to thank the Mayor and City Council Members for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully Submitted,



Patrick C. Bridges  
City Administrator



Walter G. Wood  
Director of Finance & Administration



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

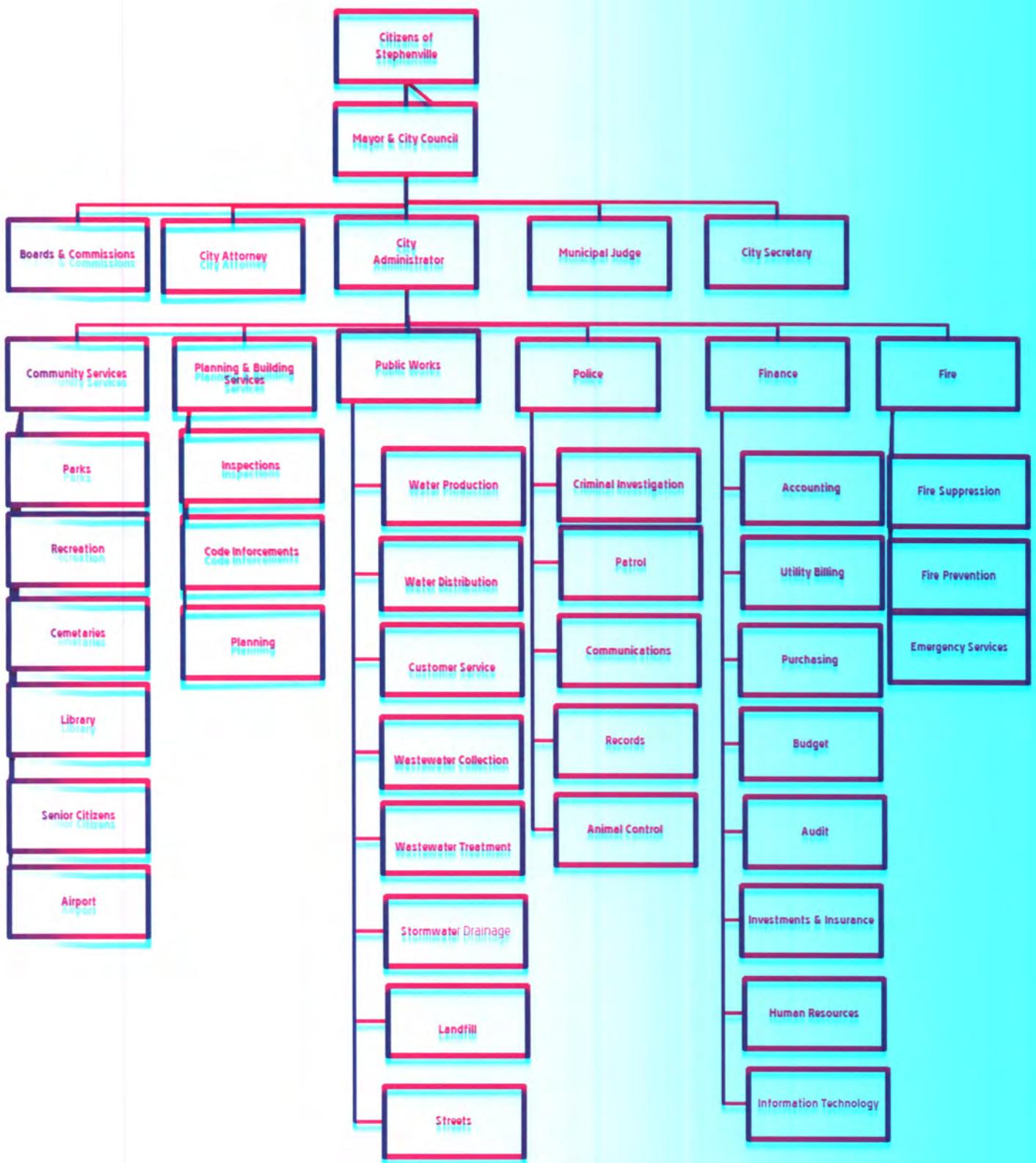
Presented to

**City of Stephenville  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO





# Stephenville

City of Stephenville, Texas  
298 W. Washington

## Principal City Officials

### City Council

Mayor: Kenny Weldon  
Place 1: Mark McClinton  
Place 2: Boyd Waggoner  
Place 3: Doug Svien  
Place 4: Russ McDanel  
Place 5: Rhett Harrison  
Place 6: Alan Nix  
Place 7: Sherry Zachery  
Place 8: Jerry Warren

### Staff

City Administrator, Patrick C. Bridges  
Director of Finance/Administration, Walter G. Wood  
Director of Utilities, Nick Williams  
Director of Planning & Building Services, Noah Cullis  
Police Chief, Jason King  
Fire Chief, Jimmy Chew  
Director of Community Services, Jeremy Allen  
City Secretary, Cindy Stafford

*Financial Section*

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## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Stephenville, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Stephenville, Texas as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Stephenville, Texas, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-13 and 51-53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

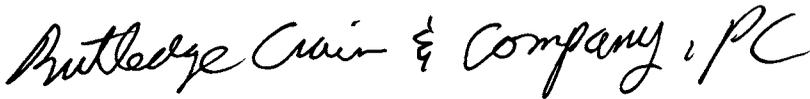
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Stephenville, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Change in Accounting Principle*

As discussed in Note V. F. to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Prutledge Crain & Company, PC". The signature is written in a cursive, flowing style.

Arlington, Texas  
January 15, 2016

*Management's Discussion and Analysis*

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## CITY OF STEPHENVILLE, TEXAS

### MANAGEMENT'S DISCUSSION AND ANALYSIS FISCAL YEAR ENDED SEPTEMBER 30, 2015 (Unaudited)

This section of the City of Stephenville's (City) annual financial report presents our discussion of the City's financial performance during the fiscal year ended September 30, 2015. Please read it in conjunction with the transmittal letter, which can be found preceding this narrative, and with the City's financial statements, which follow this section.

#### FINANCIAL HIGHLIGHTS

- The assets of the City exceed its liabilities as of September 30, 2015, by \$65,162,146 (net position). Of this amount, \$12,524,796 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net position increased by \$3,072,939. The majority of this increase is attributable to capital grants and excess revenue over expenditures. Due to the implementation of GASB 68, a prior period adjustment that resulted in a decrease to net position of (2,844,072) leaving a positive increase to net position of \$228,867.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,912,876, an increase of \$792,376 over the prior year. The increase in combined ending fund balances is attributable to revenues received being more than budgeted and expenditures being less than budgeted. Approximately 93% of this total amount, \$10,203,301 is available for spending at the government's discretion (assigned and unassigned fund balance).
- As of September 30, 2015, unassigned fund balance for the General Fund was \$6,786,574 or 52% of total General Fund expenditures.
- The City's total bond debt decreased by \$2,496,000 (11.84%) during the current fiscal year as a result of principal retirement.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Stephenville's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets, deferred resources outflow, liabilities and deferred resources inflows with the difference reported as net position. Over time, increases or decreases in net positions may serve as a useful indicator of whether the financial position of the City of Stephenville is improving or deteriorating. The government-wide financial statements can be found on pages 17 -19 of this report.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensation absences). Both the Statement of Net Position and the Statement of Activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets, library, cemetery, culture and recreation, and community development. The business-type activities of the City include water and wastewater, storm water drainage, solid waste, and airport operations.

### **Reporting the City's Most Significant Funds**

**Fund Financial Statements.** The fund financial statements provide detailed information about the most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state laws or bond covenants. The Council establishes other funds to control and manage money for particular purposes or as evidence of meeting legal responsibilities for using certain taxes, grants and other money. The City has two types of funds: governmental funds and proprietary funds.

**Governmental Funds.** The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the available balances at year-end. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there has been an increase or decrease in financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements. The basic governmental fund financial statements can be found on pages 20-23 of this report.

A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the annual appropriated budget. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining fund statements and schedules elsewhere in this report.

**Proprietary Funds.** The City charges customers for the services it provides through service delivery agreements to outside customers or through customer service agreements within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are identical to the business-type activities that are reported in the government-wide statements, but with additional detail and information, such as cash flows. Individual proprietary fund data is found on pages 24 – 26 of this report.

The City maintains one type of proprietary fund-Enterprise Funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the Enterprise Funds to account for water, wastewater, storm water drainage, solid waste, and airport operations. All activities associated with providing such services are accounted for in these funds, including administration, operation, maintenance, debt service, capital improvements, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and funds financial statements. The notes to the financial statements can be found on pages 27 – 47 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information in the form of combining fund statements and schedules for nonmajor funds. These are presented immediately following the notes to the financial statements beginning on page 60 of this report.

## THE CITY AS A WHOLE

### GOVERNMENT WIDE FINANCIAL ANALYSIS

For the purposes of analysis, prior year net position has been restated for the effects of implementing GASB 68, see note V.F. The City's combined net assets were \$65,162,146 as of September 30, 2015, an increase of .35% compared to fiscal year ending 2014. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Analyzing the net position and net expenses of governmental and business-type activities separately, the business-type activities net assets are \$38,553,935, an increase of \$1,693,821 over the adjusted prior year. The governmental activities net position is \$26,608,211, an increase of \$1,379,118 over the adjusted prior year.

By far, the largest portion of the City's net position (79 percent) reflects its investments in capital assets (e.g., land, buildings, machinery, equipment and infrastructure) less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$1,447,212, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$12,524,796, may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2015, the City is able to report positive balances in all three categories of net position, both for government as a whole, as well as for its separate governmental and business-type activities. The same held true for the prior fiscal year. Overall, the City had an increase in net assets of \$228,867.

#### CITY OF STEPHENVILLE'S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
<b>Assets</b>						
Current and other assets	\$ 12,270,811	\$ 11,628,579	\$ 6,835,155	\$ 6,421,755	\$ 19,105,966	\$ 18,050,334
Capital assets	22,504,943	22,359,389	50,770,493	48,512,543	73,275,436	70,871,932
Total assets	<u>34,775,754</u>	<u>33,987,968</u>	<u>57,605,648</u>	<u>54,934,298</u>	<u>92,381,402</u>	<u>88,922,266</u>
Deferred Resources Outflow	<u>1,001,910</u>	<u>20,692</u>	<u>213,224</u>	<u>68,587</u>	<u>1,215,134</u>	<u>89,279</u>
<b>Liabilities</b>						
Current liabilities	1,011,208	1,082,158	909,294	1,098,685	1,920,502	2,180,843
Non Current liabilities	8,132,715	5,228,754	18,338,961	16,655,229	26,471,676	21,883,983
Total liabilities	<u>9,143,923</u>	<u>6,310,912</u>	<u>19,248,255</u>	<u>17,753,914</u>	<u>28,392,178</u>	<u>24,064,826</u>
Deferred Resources Inflow	<u>25,530</u>	<u>-</u>	<u>16,682</u>	<u>13,440</u>	<u>42,212</u>	<u>13,440</u>
<b>Net Position:</b>						
Net investment in capital asset:	18,038,284	18,024,389	33,151,854	32,099,918	51,190,138	50,124,307
Restricted	427,493	523,019	1,019,719	1,023,271	1,447,212	1,546,290
Unrestricted	8,142,434	9,150,340	4,382,362	4,112,342	12,524,796	13,262,682
Total net assets	<u>\$ 26,608,211</u>	<u>\$ 27,697,748</u>	<u>\$ 38,553,935</u>	<u>\$ 37,235,531</u>	<u>\$ 65,162,146</u>	<u>\$ 64,933,279</u>

**Governmental Activities.** The table on the following page provides a summary of the City's operations for the year ended September 30, 2015, with comparative totals for the year ended September 30, 2014. Governmental activities increased the City's net position by \$1,379,118 or 45% of the total growth in net assets.

The City's total revenues for governmental activities increased from the previous year by \$86,478 or .6%. General revenues increased \$454,720 or 3.72% compared to prior year.

The ad valorem tax revenue increased \$46,167 or .94% compared to prior year. This increase was due to an increase in net assessed taxable value from \$983 million in the prior fiscal year to \$1,005 billion in the current fiscal year.

Sales tax revenue increased \$232,874 or 4.07% compared to the prior year. This increase was primarily due to the economic development incentives given to Tejas Tubular and FMC as well as the continued growth at Tarleton State University.

**CITY OF STEPHENVILLE'S CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,594,397	\$ 1,862,193	\$ 8,159,939	\$ 7,888,627	\$ 9,754,336	\$ 9,750,820
Operating grants	147,200	63,038	-	-	147,200	63,038
Capital grants and contributions	3,654	188,262	175,651	109,614	179,305	297,876
General revenues:						
Property taxes	4,962,981	4,916,814	-	-	4,962,981	4,916,814
Sales taxes	5,718,579	5,485,705	-	-	5,718,579	5,485,705
Franchise taxes	1,968,456	1,566,671	-	-	1,968,456	1,566,671
Other taxes	59,163	50,288	-	-	59,163	50,288
Gain on sale of capital assets	-	110,122	-	-	-	110,122
Investment earnings	5,990	6,157	4,891	4,032	10,881	10,189
Insurance	63,740	-	-	-	63,740	-
Miscellaneous	164,842	100,731	50,398	-	215,240	100,731
<b>Total revenues</b>	<b>14,689,002</b>	<b>14,349,981</b>	<b>8,390,879</b>	<b>8,002,273</b>	<b>23,079,881</b>	<b>22,352,254</b>
<b>Expenses:</b>						
General government	1,922,897	2,353,191	-	-	1,922,897	2,353,191
Public safety	7,879,067	6,948,549	-	-	7,879,067	6,948,549
Streets	1,462,172	1,274,173	-	-	1,462,172	1,274,173
Culture and recreation	1,705,654	2,037,539	-	-	1,705,654	2,037,539
Community development	471,855	444,401	-	-	471,855	444,401
Interest on long-term debt	77,063	108,289	-	-	77,063	108,289
Water and wastewater	-	-	5,326,721	5,237,160	5,326,721	5,237,160
Storm water drainage	-	-	558,501	528,208	558,501	528,208
Sanitary landfill	-	-	395,474	305,179	395,474	305,179
Airport	-	-	207,538	193,368	207,538	193,368
<b>Total expenses</b>	<b>13,518,708</b>	<b>13,166,142</b>	<b>6,488,234</b>	<b>6,263,915</b>	<b>20,006,942</b>	<b>19,430,057</b>
<b>Increases in net position before transfers</b>						
	<b>1,170,294</b>	<b>1,183,839</b>	<b>1,902,645</b>	<b>1,738,358</b>	<b>3,072,939</b>	<b>2,922,197</b>
<b>Transfers</b>						
	<b>208,824</b>	<b>255,044</b>	<b>(208,824)</b>	<b>(255,044)</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>						
	<b>1,379,118</b>	<b>1,438,883</b>	<b>1,693,821</b>	<b>1,483,314</b>	<b>3,072,939</b>	<b>2,922,197</b>
<b>Net position-beginning</b>						
	<b>27,697,748</b>	<b>26,258,865</b>	<b>37,235,531</b>	<b>35,752,217</b>	<b>64,933,279</b>	<b>62,011,082</b>
<b>Prior period adjustment</b>						
	<b>(2,468,655)</b>	<b>-</b>	<b>(375,417)</b>	<b>-</b>	<b>(2,844,072)</b>	<b>-</b>
<b>Net position-ending</b>						
	<b>\$ 26,608,211</b>	<b>\$ 27,697,748</b>	<b>\$ 38,553,935</b>	<b>\$ 37,235,531</b>	<b>\$ 65,162,146</b>	<b>\$ 64,933,279</b>

**Business-type Activities.** Net position from business-type activities increased by \$1,693,821, accounting for 55% of the total growth in net position. The change in net position of business-type activities remained relatively consistent with the prior year due to the offsetting effects of changes in revenues and transfers.

Revenues of the City's business-type activities were approximately \$8 million for the fiscal year ended September 30, 2015. Revenues increased \$388,606 or 4.86% compared to the prior fiscal year. The increase was primarily due to the flow of resources between governmental activities and business-type activities through transfers reversed from the prior year because of a decrease in grant-matching requirements normally funded by governmental activities.

Expenses for the City's business-type activities decreased \$224,319 or 3.58%. Net position from business-type activities increased by \$1,693,821 or 4.59 percent, from \$36,860,114 (adjusted) to \$38,553,935, accounting for the other 55 percent of the total growth in net assets.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,912,876, an increase of \$792,376 from the prior year. Approximately 93.5% of this total amount, \$10,203,301, constitutes assigned and unassigned fund balance, which is available for spending at the City's discretion. The remaining fund balance is nonspendable or restricted to indicate that it is not available for new spending. Refer to Exhibit A-3 on page 20 of this report for a more detailed presentation of governmental fund balances.

In the General Fund, the City budgeted for a decrease in the fund balance on a budget basis of \$715,837, but due to actual revenues being more than budgeted and actual expenditures being less than budgeted, the fund balance actually increased by \$913,723 during the current fiscal year. Sales tax collections increased by 4.1% from the previous year but the City collected \$248,579 or 4.5% more than budgeted. Other actual revenues collected were also higher than budgeted: 1) current year and delinquent property taxes were collected at higher rates than projected but were still under budget by \$21,928; 2) service charges were \$61,793 more than budgeted; and 3) miscellaneous was higher than budgeted by \$81,741. Expenditures were lower than budgeted across all functions.

The Debt Service Fund has an ending fund balance of \$143,058, a decrease of .8 percent over the prior year, all of which is reserved for the repayment of debt.

The Special Revenue Funds have a fund balance of \$280,092, a decrease of 9.8 percent over the prior year, all of which is restricted for the special programs defined by revenue source.

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net positions of the City's Enterprise Funds at the end of the year amounted to \$4,382,364. The increase in net assets was \$235,996. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

### **General Fund Budgetary Highlights**

During the year there was a \$1,239,570 increase in appropriations between the original budget and final amended budget. Following are the main components of the increase:

- \$ 25,000 additional appropriation to remodel/repair Senior Center.
- \$139,000 additional appropriation for Legal Counsel.
- \$198,000 additional appropriation for the trail extension to Bosque River Trail.
- \$268,000 additional appropriation for the Harbin Street Repair.
- \$385,000 additional appropriation for repairs to facilities from the April hail storm.

Even with these increases in appropriations, the excess in revenues during the year was sufficient to fund these increases without reducing the budgeted General Fund fund balance.

Actual expenditures on a budgetary basis were \$13,142,687 compared to the final budget expenditures of \$14,560,596. This \$1,417,909 variance was primarily attributable to capital projects not initiated during the year, due to close monitoring of expenditures by departments and performing better than anticipated. Actual revenues on a budgetary basis were \$13,658,743 compared to the final budget of \$13,199,284. The \$459,459 variance was due primarily to increases in sales taxes and franchise fees.

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounts to \$73,275,436 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles and equipment, park facilities and infrastructure.

Major capital asset events occurring during the current fiscal year include the following:

- Replaced Animal Control Truck for \$68,500
- Replaced CAT 420F Backhoe at Water Department for \$73,000
- West-End Cemetery Water Line relocate project \$103,000
- West Gate Sanitary Sewer Line relocate project \$140,000
- North Trail Head extension into City Park \$175,000
- Roof Replacement at City Facilities (Hail Storm) \$295,000

**CITY OF STEPHENVILLE'S CAPITAL ASSETS AT YEAR-END**

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 2,457,311	\$ 2,367,036	\$ 2,434,794	\$ 2,434,794	\$ 4,892,105	\$ 4,801,830
Buildings and improvements	6,909,958	6,559,482	19,548,118	19,451,965	26,458,076	26,011,447
Equipment	8,654,788	8,148,306	3,744,125	3,167,770	12,398,913	11,316,076
Infrastructure	21,223,095	21,027,131	56,481,588	52,819,780	77,704,683	73,846,911
Construction in progress	-	-	16,993	219,275	16,993	219,275
Less: accumulated depreciation	(16,740,209)	(15,742,584)	(31,455,125)	(29,581,041)	(48,195,334)	(45,323,625)
<b>Total Capital Assets</b>	<b>\$ 22,504,943</b>	<b>\$ 22,359,371</b>	<b>\$ 50,770,493</b>	<b>\$ 48,512,543</b>	<b>\$ 73,275,436</b>	<b>\$ 70,871,914</b>

Additional information on the City's capital assets can be found on page 36 – 38 of this report.

**DEBT ADMINISTRATION**

At the end of the current fiscal year, the City had total bonded debt of \$18,580,850. Of this amount, \$4,335,000 represents bonded debt backed by the full faith and credit of the City, \$7,595,000 represents utility revenue bonds secured by water and sewer revenues and \$65,850 represents revenue bonds secured by airport revenues, and \$6,585,000 secured by storm water drainage revenues.

**OUTSTANDING DEBT AT YEAR-END**

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Certificates of obligation	\$ 4,335,000	\$ 4,840,000	\$ -	\$ -	\$ 4,335,000	\$ 4,840,000
Revenue bonds payable	-	-	14,245,850	16,236,850	14,245,850	16,236,850
Total Debt	\$ 4,335,000	\$ 4,840,000	\$ 14,245,850	\$ 16,236,850	\$ 18,580,850	\$ 21,076,850

The City's General Obligation, Tax and Certificates of Obligation Bond ratings are listed below.

	Moody's <u>Investors Service</u>	Standard and Poor's
General Obligation Bonds	A3	AA-

Additional information on the City's long term-debt can be found in pages 38 – 41 this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The unemployment rate for the City of Stephenville as of the fiscal year-end was 3.84% compared to the prior year rate of 4.74% which is an indication that the local economy is moving in a positive direction. This rate compares favorably with state and national unemployment levels.

Sales tax collections for 2014-2015 were up by 4.07% compared to the previous year and collections still exceeded budget by \$248,579. Economy seems to be improving but we are still taking a conservative approach in determining estimated collections for the upcoming budget year. The City implemented an Economic 4B incentive so accordingly our Sales Tax budget reflects the decrease in overall Sale Tax that will be collected.



The above factors were considered in preparing the City of Stephenville's budget for the 2015-16 fiscal year. Next years' budget is based upon a property tax rate equal to \$.4900 per \$100 valuation. Certified taxable property value for 2015 is \$1,060,320,946. This is a 5.44% increase over the last year's values, or \$55 million. The largest portion of the increase, \$16.8 million, is new property coming onto the tax rolls \$15.1 million from new business personal property with the remainder of the increase due to the reevaluation of existing property.

### AD VALOREM TAXES VALUATIONS AND TAX RATE



The City uses reserves from the General Fund to supplement capital projects during the year as needs arise and where favorable unit pricing is received on such projects. Additionally, the City's Fiscal Management Practices call for the designation of any surplus of revenues over expenses at fiscal year-end as a means of providing resources for major capital projects. There are ample funds for transfers during FY 2015-16, should the City Council so desire, and still retain the minimum fund balance provisions established by the Fiscal Management Practices.

#### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Walter G. Wood, Director of Finance, 298 West Washington, Stephenville, Texas 76401-4257 or call (254) 918-1211.

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*Basic Financial Statements*

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## CITY OF STEPHENVILLE, TEXAS

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2015

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<i>Cash and cash equivalents</i>	\$ 10,110,837	\$ 4,119,554	\$ 14,230,391
Receivables (net of allowances for uncollectibles):			
<i>Taxes</i>	1,264,270	--	1,264,270
<i>Accounts</i>	369,927	1,551,213	1,921,140
<i>Fines</i>	512,204	--	512,204
<i>Other</i>	5,474	2,650	8,124
<i>Intergovernmental</i>	1,083	--	1,083
<i>Inventories</i>	7,016	--	7,016
Restricted assets:			
<i>Cash and cash equivalents</i>	--	1,161,738	1,161,738
Capital Assets (net of accumulated depreciation):			
<i>Land</i>	2,457,311	2,434,794	4,892,105
<i>Buildings and improvements</i>	6,909,958	19,548,118	26,458,076
<i>Machinery and equipment</i>	8,654,788	3,744,125	12,398,913
<i>Infrastructure/water and wastewater distribution</i>	21,223,095	56,481,588	77,704,683
<i>Construction in progress</i>	--	16,993	16,993
<i>Accumulated depreciation</i>	(16,740,209)	(31,455,125)	(48,195,334)
<b>Total Assets</b>	<u>34,775,754</u>	<u>57,605,648</u>	<u>92,381,402</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
<i>Deferred charges</i>	1,001,910	213,224	1,215,134
<b>Total Deferred Outflows of Resources</b>	<u>1,001,910</u>	<u>213,224</u>	<u>1,215,134</u>
<b>LIABILITIES:</b>			
<i>Accounts payable</i>	274,701	533,439	808,140
<i>Other payables and accrued liabilities</i>	312,758	27,565	340,323
<i>Accrued interest payable</i>	9,720	74,788	84,508
<i>Customer deposits</i>	--	273,502	273,502
<i>Due to other governments</i>	414,029	--	414,029
Noncurrent liabilities:			
<i>Due within one year</i>	736,890	2,474,367	3,211,257
<i>Due in more than one year</i>	7,395,825	15,864,594	23,260,419
<b>Total Liabilities</b>	<u>9,143,923</u>	<u>19,248,255</u>	<u>28,392,178</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
<i>Unearned revenue</i>	25,530	16,682	42,212
<b>Total deferred inflow of resources</b>	<u>25,530</u>	<u>16,682</u>	<u>42,212</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	18,038,284	33,151,854	51,190,138
Restricted For:			
Debt Service	148,084	1,019,719	1,167,803
Capital Projects	279,409	--	279,409
Unrestricted	8,142,434	4,382,362	12,524,796
<b>Total Net Position</b>	<u>\$ 26,608,211</u>	<u>\$ 38,553,935</u>	<u>\$ 65,162,146</u>

The accompanying notes are an integral part of this statement.

**CITY OF STEPHENVILLE, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
<i>Governmental Activities:</i>				
General government	\$ 1,922,897	\$ 22,648	\$ --	\$ --
Public safety	7,879,067	989,630	128,773	3,654
Streets	1,462,172	42,749	--	--
Culture and recreation	1,705,654	321,565	18,427	--
Community development	471,855	217,805	--	--
Interest on long-term debt	77,063	--	--	--
Total governmental activities	<u>13,518,708</u>	<u>1,594,397</u>	<u>147,200</u>	<u>3,654</u>
<i>Business-type Activities:</i>				
Water and Wastewater Enterprise	5,326,721	6,485,177	--	162,316
Sanitary Landfill Enterprise	395,474	955,391	--	--
Airport Enterprise	207,538	107,544	--	13,335
Storm Water Drainage	558,501	611,827	--	--
Total Business-type Activities	<u>6,488,234</u>	<u>8,159,939</u>	<u>--</u>	<u>175,651</u>
Total Primary Government	<u>\$ 20,006,942</u>	<u>\$ 9,754,336</u>	<u>\$ 147,200</u>	<u>\$ 179,305</u>

**General Revenues:**

**Taxes:**

  Property - general purposes

  Property - debt service

  Sales

  Franchise

  Other

  Alcoholic Beverage Taxes

Unrestricted Investment Earnings

Miscellaneous

Insurance proceeds

Gain (loss) on Disposal of Capital Assets

**Transfers**

  Total General Revenues and Transfers

  Change in Net Position

Net Position - Beginning

Prior Period Adjustment

Net Position - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,900,249)		\$ (1,900,249)
(6,757,010)		(6,757,010)
(1,419,423)		(1,419,423)
(1,365,662)		(1,365,662)
(254,050)		(254,050)
(77,063)		(77,063)
<u>(11,773,457)</u>		<u>(11,773,457)</u>
--	\$ 1,320,772	1,320,772
--	559,917	559,917
--	(86,659)	(86,659)
--	53,326	53,326
<u>--</u>	<u>1,847,356</u>	<u>1,847,356</u>
<u>(11,773,457)</u>	<u>1,847,356</u>	<u>(9,926,101)</u>
4,386,134	--	4,386,134
576,847	--	576,847
5,718,579	--	5,718,579
1,525,602	--	1,525,602
442,854	--	442,854
59,163	--	59,163
5,990	4,891	10,881
164,842	33,292	198,134
63,740	--	63,740
--	17,106	17,106
208,824	(208,824)	--
<u>13,152,575</u>	<u>(153,535)</u>	<u>12,999,040</u>
1,379,118	1,693,821	3,072,939
27,697,748	37,235,531	64,933,279
(2,468,655)	(375,417)	(2,844,072)
<u>\$ 26,608,211</u>	<u>\$ 38,553,935</u>	<u>\$ 65,162,146</u>

**CITY OF STEPHENVILLE, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
<i>Cash and cash equivalents</i>	\$ 8,984,737	\$ 1,126,100	\$ 10,110,837
Receivables (net of allowances for uncollectibles):			
<i>Taxes</i>	1,184,726	79,544	1,264,270
<i>Fines</i>	512,204	--	512,204
<i>Accounts</i>	369,927	--	369,927
<i>Other</i>	--	5,474	5,474
<i>Intergovernmental</i>	--	1,083	1,083
<i>Inventories</i>	7,016	--	7,016
Total Assets	<u>\$ 11,058,610</u>	<u>\$ 1,212,201</u>	<u>\$ 12,270,811</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
<i>Accounts payable</i>	\$ 186,812	\$ 87,889	\$ 274,701
<i>Other payables and accrued liabilities</i>	312,758	--	312,758
<i>Due to other governments</i>	414,029	--	414,029
Total Liabilities	<u>913,599</u>	<u>87,889</u>	<u>1,001,488</u>
Deferred Inflows of Resources:			
<i>Deferred revenue</i>	351,421	5,026	356,447
Total Deferred Inflows of Resources	<u>351,421</u>	<u>5,026</u>	<u>356,447</u>
Fund Balances:			
<i>Nonspendable</i>	7,016	--	7,016
<i>Restricted</i>	--	702,559	702,559
<i>Assigned</i>	3,000,000	416,727	3,416,727
<i>Unassigned</i>	6,786,574	--	6,786,574
Total fund balances	<u>9,793,590</u>	<u>1,119,286</u>	<u>10,912,876</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,058,610</u>	<u>\$ 1,212,201</u>	<u>\$ 12,270,811</u>

The accompanying notes are an integral part of this statement.

**CITY OF STEPHENVILLE, TEXAS**

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015*

Total fund balances - governmental funds balance sheet	\$ 10,912,876
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	22,504,943
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	44,377
Payables for bond principal which are not due in the current period are not reported in the funds.	(4,352,721)
Payables for capital leases which are not due in the current period are not reported in the funds.	(113,938)
Payables for bond interest which are not due in the current period are not reported in the funds.	(9,720)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(391,490)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	19,574
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	98,174
Ambulance receivables unavailable to pay for current period expenditures are deferred in the funds.	213,896
Recognition of the City's proportionate share of the net pension liability is not reported in the funds.	(3,274,566)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(25,530)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	<u>982,336</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 26,608,211</u>

The accompanying notes are an integral part of this statement.

**CITY OF STEPHENVILLE, TEXAS**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenue:			
<i>Taxes</i>	\$ 11,709,391	\$ 1,023,850	\$ 12,733,241
<i>Service charges</i>	1,111,193	--	1,111,193
<i>Fines and forfeitures</i>	240,542	17,842	258,384
<i>Licenses and permits</i>	227,979	--	227,979
<i>Intergovernmental</i>	196,980	3,654	200,634
<i>Investment earnings</i>	4,717	1,273	5,990
<i>Miscellaneous</i>	167,941	--	167,941
Total revenues	<u>13,658,743</u>	<u>1,046,619</u>	<u>14,705,362</u>
Expenditures:			
<i>General government</i>	1,922,184	--	1,922,184
<i>Public safety</i>	7,173,154	494,846	7,668,000
<i>Highways and streets</i>	968,092	--	968,092
<i>Culture and recreation</i>	1,809,731	43,708	1,853,439
<i>Community development</i>	456,196	--	456,196
<i>Capital outlay</i>	813,330	46,567	859,897
Debt service:			
<i>Principal</i>	--	505,000	505,000
<i>Interest and fiscal charges</i>	--	77,845	77,845
Total expenditures	<u>13,142,687</u>	<u>1,167,966</u>	<u>14,310,653</u>
Excess (deficiency) of revenues (under) expenditures	516,056	(121,347)	394,709
Other financing sources (uses):			
<i>Transfers in</i>	208,824	--	208,824
<i>Insurance proceeds</i>	63,740	--	63,740
<i>Sale of general capital assets</i>	11,165	--	11,165
<i>Capital leases</i>	113,938	--	113,938
Total other financing sources (uses)	<u>397,667</u>	<u>--</u>	<u>397,667</u>
Net change in fund balances	913,723	(121,347)	792,376
Fund balances, October 1	8,879,867	1,240,633	10,120,500
Fund balances, September 30	<u>\$ 9,793,590</u>	<u>\$ 1,119,286</u>	<u>\$ 10,912,876</u>

The accompanying notes are an integral part of this statement.

**CITY OF STEPHENVILLE, TEXAS**

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015*

Net change in fund balances - total governmental funds	\$ 792,376
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	1,203,522
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,038,187)
The gain or loss on the sale of capital assets is not reported in the funds.	(19,763)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(24,061)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	505,000
(Increase) decrease in accrued interest from beginning of period to end of period.	782
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(21,470)
Certain ambulance receivables are deferred in the funds. This is the change in these amounts this year.	(23,231)
Revenues in the SOA for court fines not providing current financial resources are not reported in the funds.	(32,807)
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(113,938)
Implementing GASB 68 required certain expenditures to be de-expended and recorded as deferred resource outflows.	<u>150,895</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 1,379,118</u>

The accompanying notes are an integral part of this statement.

## CITY OF STEPHENVILLE, TEXAS

## STATEMENT OF NET POSITION

## ENTERPRISE FUNDS

SEPTEMBER 30, 2015

	Enterprise Fund	Enterprise Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
	Water and Wastewater	Storm Water Drainage		
<b>ASSETS</b>				
Current Assets:				
<i>Cash and cash equivalents</i>	\$ 2,630,003	\$ 620,505	\$ 869,046	\$ 4,119,554
<i>Accounts receivable - net</i>	1,419,844	79,115	52,254	1,551,213
<i>Other receivables</i>	2,650	--	--	2,650
Total Current Assets	<u>4,052,497</u>	<u>699,620</u>	<u>921,300</u>	<u>5,673,417</u>
Noncurrent assets::				
<i>Restricted cash and cash equivalents</i>	891,768	269,970	--	1,161,738
Capital assets:				
<i>Land</i>	1,515,395	--	919,399	2,434,794
<i>Buildings and improvements</i>	2,367,988	10,978,330	6,201,800	19,548,118
<i>Machinery and equipment</i>	1,965,902	--	1,778,223	3,744,125
<i>Water and wastewater distribution</i>	56,481,588	--	--	56,481,588
<i>Construction in progress</i>	--	--	16,993	16,993
<i>Less accumulated depreciation</i>	(27,211,503)	(1,586,798)	(2,656,824)	(31,455,125)
Total capital assets	<u>35,119,370</u>	<u>9,391,532</u>	<u>6,259,591</u>	<u>50,770,493</u>
Total noncurrent assets	<u>36,011,138</u>	<u>9,661,502</u>	<u>6,259,591</u>	<u>51,932,231</u>
Total Assets	<u>40,063,635</u>	<u>10,361,122</u>	<u>7,180,891</u>	<u>57,605,648</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
<i>Deferred charges</i>	153,680	42,115	17,429	213,224
Total Deferred outflow of resources	<u>\$ 153,680</u>	<u>\$ 42,115</u>	<u>\$ 17,429</u>	<u>\$ 213,224</u>
<b>LIABILITIES</b>				
Current Liabilities:				
<i>Accounts payable</i>	\$ 529,817	\$ --	\$ 3,622	\$ 533,439
<i>Accrued liabilities</i>	23,944	--	3,621	27,565
<i>Accrued interest payable</i>	39,892	29,903	4,993	74,788
<i>Customer deposits</i>	271,602	--	1,900	273,502
<i>Compensated absences payable</i>	45,424	--	6,187	51,611
<i>Bonds payable</i>	1,790,000	270,000	22,000	2,082,000
Total Current Liabilities	<u>2,700,679</u>	<u>299,903</u>	<u>42,323</u>	<u>3,042,905</u>
Long-term Liabilities:				
<i>Compensated absences payable</i>	15,141	--	2,062	17,203
<i>Revenue bonds payable</i>	5,832,540	6,498,438	43,827	12,374,805
<i>Capital lease</i>	2,778,834	--	383,000	3,161,834
<i>Liability for landfill closure</i>	--	--	153,534	153,534
<i>Net pension liability</i>	439,878	--	58,096	497,974
Total Long-term Liabilities	<u>9,066,393</u>	<u>6,498,438</u>	<u>640,519</u>	<u>16,205,350</u>
Total Liabilities	<u>11,767,072</u>	<u>6,798,341</u>	<u>682,842</u>	<u>19,248,255</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
<i>Unearned revenue</i>	3,429	--	13,253	16,682
Total deferred inflow of resources	<u>3,429</u>	<u>--</u>	<u>13,253</u>	<u>16,682</u>
<b>NET POSITION</b>				
<i>Net investment in capital assets</i>	24,717,995	2,623,094	5,810,763	33,151,852
<i>Restricted for debt service</i>	779,652	240,067	--	1,019,719
<i>Unrestricted</i>	2,949,167	741,735	691,462	4,382,364
Total Net Position	<u>\$ 28,446,814</u>	<u>\$ 3,604,896</u>	<u>\$ 6,502,225</u>	<u>\$ 38,553,935</u>

The accompanying notes are an integral part of this statement.

**CITY OF STEPHENVILLE, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET POSITION - ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Enterprise Fund	Enterprise Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
	Water and Wastewater	Storm Water Drainage		
<b>OPERATING REVENUES:</b>				
<i>Water sales</i>	\$ 3,536,386	\$ --	\$ --	\$ 3,536,386
<i>Wastewater charges</i>	2,602,862	--	--	2,602,862
<i>Tap and collection fees</i>	271,543	--	--	271,543
<i>Delinquent charges</i>	52,420	1,487	--	53,907
<i>Gate charges</i>	--	--	955,391	955,391
<i>Hanger rental</i>	--	--	102,671	102,671
<i>Storm water drainage fees</i>	--	610,340	--	610,340
<i>Other service charges</i>	21,966	--	4,873	26,839
<b>Total Operating Revenues</b>	<b>6,485,177</b>	<b>611,827</b>	<b>1,062,935</b>	<b>8,159,939</b>
<b>OPERATING EXPENSES:</b>				
<i>Personnel services</i>	1,155,381	--	176,636	1,332,017
<i>Contractual services</i>	1,273,206	--	38,734	1,311,940
<i>Utilities</i>	445,622	--	30,293	475,915
<i>Repairs and maintenance</i>	512,028	46,780	27,482	586,290
<i>Other</i>	245,377	--	42,591	287,968
<i>Depreciation and amortization</i>	1,387,990	274,458	279,147	1,941,595
<b>Total Operating Expenses</b>	<b>5,019,604</b>	<b>321,238</b>	<b>594,883</b>	<b>5,935,725</b>
<b>Operating Income (Loss)</b>	<b>1,465,573</b>	<b>290,589</b>	<b>468,052</b>	<b>2,224,214</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
<i>Intergovernmental revenue</i>	162,316	--	--	162,316
<i>Interest revenue</i>	4,419	435	37	4,891
<i>Miscellaneous income</i>	22,358	--	24,269	46,627
<i>Gain on sale of assets</i>	17,106	--	--	17,106
<i>Interest expense</i>	(307,117)	(237,263)	(8,129)	(552,509)
<b>Total Non-operating Revenues (Expenses)</b>	<b>(100,918)</b>	<b>(236,828)</b>	<b>16,177</b>	<b>(321,569)</b>
<b>Net Income (Loss) before Operating Transfers</b>	<b>1,364,655</b>	<b>53,761</b>	<b>484,229</b>	<b>1,902,645</b>
<b>TRANSFERS:</b>				
<i>Transfers in</i>	10,536	--	--	10,536
<i>Transfers out</i>	(208,824)	--	(10,536)	(219,360)
<b>Net income</b>	<b>1,166,367</b>	<b>53,761</b>	<b>473,693</b>	<b>1,693,821</b>
<b>Net position, October 1</b>	<b>27,612,066</b>	<b>3,551,135</b>	<b>6,072,330</b>	<b>37,235,531</b>
<b>Prior Period Adjustment</b>	<b>(331,619)</b>	<b>--</b>	<b>(43,798)</b>	<b>(375,417)</b>
<b>Net position, September 30</b>	<b>\$ 28,446,814</b>	<b>\$ 3,604,896</b>	<b>\$ 6,502,225</b>	<b>\$ 38,553,935</b>

The accompanying notes are an integral part of this statement.

**CITY OF STEPHENVILLE, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Enterprise Funds			
	Water and Wastewater	Storm Water Drainage	Nonmajor Enterprise Funds	Total Enterprise Funds
<b>Cash Flows from Operating Activities:</b>				
<i>Cash Received from Customers</i>	\$ 6,597,665	\$ 610,033	\$ 1,098,106	\$ 8,305,804
<i>Cash Payments to Employees for Services</i>	(1,161,001)	--	(176,636)	(1,337,637)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(2,590,878)	(46,780)	(140,389)	(2,778,047)
Net Cash Provided (Used) by Operating Activities	<u>2,845,786</u>	<u>563,253</u>	<u>781,081</u>	<u>4,190,120</u>
<b>Cash Flows from Non-capital Financing Activities:</b>				
<i>Cash Received From (Paid to) Other Funds</i>	(198,288)	--	(10,536)	(208,824)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(198,288)</u>	<u>--</u>	<u>(10,536)</u>	<u>(208,824)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
<i>Principal and Interest Paid</i>	(2,024,730)	(498,705)	(128,249)	(2,651,684)
<i>Increase in Landclosure Liability</i>	--	--	12,629	12,629
<i>Proceeds of Capital Lease</i>	--	--	103,500	103,500
<i>Acquisition or Construction of Capital Assets</i>	(867,979)	--	(168,875)	(1,036,854)
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(2,892,709)</u>	<u>(498,705)</u>	<u>(180,995)</u>	<u>(3,572,409)</u>
<b>Cash Flows from Investing Activities:</b>				
<i>Interest and Dividends on Investments</i>	4,419	435	37	4,891
Net Cash Provided (Used) for Investing Activities	<u>4,419</u>	<u>435</u>	<u>37</u>	<u>4,891</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(240,792)	64,983	589,587	413,778
Cash and Cash Equivalents at Beginning of Year	3,762,563	825,492	279,459	4,867,514
Cash and Cash Equivalents at End of Year	<u>\$ 3,521,771</u>	<u>\$ 890,475</u>	<u>\$ 869,046</u>	<u>\$ 5,281,292</u>
Reported on Statement of Net Position				
Unrestricted cash and cash equivalents	\$ 2,630,003	\$ 620,505	\$ 869,046	\$ 4,119,554
Restricted cash and cash equivalents	891,768	269,970	--	1,161,738
	<u>\$ 3,521,771</u>	<u>\$ 890,475</u>	<u>\$ 869,046</u>	<u>\$ 5,281,292</u>
<b>Reconciliation of Operating Income to Net Cash     Provided by Operating Activities:</b>				
Operating Income (Loss)	\$ 1,465,573	\$ 290,589	\$ 468,052	\$ 2,224,214
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
<i>Depreciation</i>	1,387,990	274,458	279,147	1,941,595
<i>Miscellaneous income</i>	22,328	--	24,269	46,597
<i>Intergovernmental revenue</i>	162,316	--	--	162,316
Change in Assets and Liabilities:				
<i>Decrease (Increase) in Receivables</i>	(8,399)	(1,794)	10,789	596
<i>Increase (Decrease) in Accounts Payable</i>	(114,645)	--	(1,289)	(115,934)
<i>Increase (Decrease) in Accrued Liabilities</i>	(9,019)	--	--	(9,019)
<i>Increase (Decrease) in Customer Deposits</i>	(63,787)	--	(340)	(64,127)
<i>Increase (Decrease) in Unearned Revenue</i>	3,429	--	453	3,882
Total Adjustments	<u>1,380,213</u>	<u>272,664</u>	<u>313,029</u>	<u>1,965,906</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,845,786</u>	<u>\$ 563,253</u>	<u>\$ 781,081</u>	<u>\$ 4,190,120</u>
Noncash Activities				
<i>Purchase of equipment by lease</i>	\$ 2,778,834	\$ --	\$ 383,000	\$ 3,161,834
<i>Proceeds of capital lease</i>	<u>\$ 2,778,834</u>	<u>\$ --</u>	<u>\$ 383,000</u>	<u>\$ 3,161,834</u>

The accompanying notes are an integral part of this statement.

# CITY OF STEPHENVILLE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2015

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

The City of Stephenville, Texas, was incorporated in 1854, and operates as a home rule City. The City operates under a mayor-council form of government and provides the following services as authorized by its charter, general government, public safety (police, fire, and EMS), highway and streets, culture and recreation, community development (planning and zoning, licensing, permitting and inspection), water and wastewater system, storm water drainage, airport and sanitary landfill.

The accounting policies of the City of Stephenville, Texas, conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board which is the recognized financial accounting standard setting body for governmental entities. The notes to the financial statements are an integral part of the City's basic financial statements.

The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14 and 39, in that the financial statements include all organizations, activities, functions and component units for which the City (the "primary government") is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City. There are no component units which satisfy requirements for blending within the City's financial states or for discrete presentation.

#### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus and the accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**CITY OF STEPHENVILLE, TEXAS**  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended September 30, 2015

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

The *Water and Wastewater Fund* operates the water distribution system and the wastewater treatment plants, wastewater pumping stations, and collection systems.

The *Storm Water Drainage Fund* is used to account for the activities necessary for the provisions of storm water drainage services..

Additionally, the City reports the following fund types:

Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specified purposes (not including expendable trusts or major capital projects).

The *Debt Service Fund* accounts for the accumulation of resources to service the City's governmental long-term debt.

The *Capital Projects Fund* was established to account for resources to be used for the acquisition or construction of general major capital facilities. Financing is provided primarily by the sale of general obligation bonds and developer contributions.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and wastewater function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes, miscellaneous revenue, and interest income.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer enterprise fund are charges to customers for sales and services. It also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, liabilities, and net assets or equity

1. Cash and Cash Equivalents

The City maintains various accounts for each fund at its depository. The City also has cash maintained by agents for debt payments and reserves, construction reserves and worker compensation claims. For purposes of the statement of cash flows, the City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**CITY OF STEPHENVILLE, TEXAS**  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended September 30, 2015

The City investment policy authorizes the Director of Finance to invest in the following types of investments:

- a. Obligations of the United States Government, its agencies and instrumentality's, and government sponsoring enterprises, excluding collateralized mortgage obligations (CMOs), not to exceed two year to stated maturity;
- b. Fully insured or collateralized depository certificates of deposit from a bank doing business, in the State of Texas and under the terms of a written depository agreement with that bank, not to exceed one year to the stated maturity;
- c. Repurchase agreement and reverse repurchase agreements as defined by the Public Funds Investment Act, not to exceed 180 days to stated maturity, collateralized with Section VIII.A. above, provided an executed PSA Master Repurchase Agreement is on file with the City and the counter party bank or primary dealer, or flexible repurchase agreement longer than 180 days if matched to expenditure plan of the bond funds; and
- d. Constant dollar Texas Local Government Investment Pools as defined by the Public Funds Investment Act.
- e. FDIC insured brokered certificate of deposit securities from banks in any US state, delivered versus payment to the City's safekeeping depository, not to exceed two years to maturity. Before purchase, the Investment Officer or advisor must verify the FDIC status of the bank.
- f. General obligation bonds of states, agencies, counties, cities and other political subdivisions of any state rated A or better or its equivalent by two nationally recognized rating agencies and with a stated maturity not to exceed two (2) years.
- g. Fully insured or collateralized interest bearing accounts of any bank doing business in Texas.
- h. AAA-rated, SEC registered money market funds striving to maintain a \$1 net asset value.
- i. A1/PI commercial paper with a stated maturity not to exceed 180 days.

Investments having a maturity of 1 year or more, when purchased, are stated at fair value. Short term investments are stated at cost or amortized cost. All other investments are stated at fair value, which is based on quoted market prices.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter fund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectibles.

Property taxes are levied on October 1 by the City based on the January 1 property values as assessed by the Stephenville County Central Appraisal District. Taxes are due without penalty until January 31, of the next calendar year. After January 31 the City has an enforceable lien with respect to both real and personal property. Under state law, property taxes levied on real property constitute a perpetual lien on the real property which cannot be forgiven without specific approval of the State Legislature. Taxes applicable to personal property can be deemed uncollectible by the City.

# CITY OF STEPHENVILLE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2015

### 3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

### 4. Restricted assets

Certain proceeds of enterprise fund revenue bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

### 5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the government are depreciated using the straight line method over the following estimated useful lives:

Airport improvements	40 years
Buildings	20 - 40 years
Waterworks and sanitation system	33 1/3 years
Infrastructure	20 years
Machinery and equipment	7 - 10 years

### 6. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation pay benefits up to specified limits. Certain employees previously covered by civil service policies also have carried forward unused sick leave benefits. No liability is reported for unpaid accumulated sick leave for the remaining employees. Vacation pay is accrued when incurred in the government-wide, and proprietary fund type statement of net position. Compensated absences are reported in governmental funds only if they have matured for example, as a result of employee's resignation and retirement.

### 7. Long-term obligations

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

# CITY OF STEPHENVILLE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2015

### 8. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

### 9. Fund equity

Nonspendable Fund Balance Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted Fund Balance - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed Fund Balance - Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council through legislation, resolution or ordinance, unless the City Council removes or changes the specified use by taking the same type of action used to commit the amounts.

Assigned Fund Balance - Amounts that are constrained by the City Council, or the City Manager or Director of Finance, based upon delegation of this authority by the City Council, that are to be used for specific purposes but are neither restricted nor committed.

Unassigned Fund Balance - Amounts that are available for any purpose; these amounts can be reported only in the City's General Fund.

Fund balance amounts represent the nature of the net resources that are reported in a governmental fund. The City fund balance classifications include non-spendable resources, restricted, and non-restricted (committed, assigned and unassigned) amounts. When the City incurs an expenditure and both restricted and unrestricted amounts are available, the City considers restricted amounts to have been spent first. When the City incurs an expenditure for an unrestricted amount, committed amounts are reduced first, followed by assigned amounts and then unassigned amounts for purposes in which any of those unrestricted fund balance classifications could be used.

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**CITY OF STEPHENVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended September 30, 2015

	General Fund	Other Funds	Total
<b>Fund Balances</b>			
Nonspendable for:			
Inventories	\$7,016	\$ --	\$7,016
	<u>7,016</u>	<u>--</u>	<u>7,016</u>
Restricted for:			
Debt service	--	143,058	143,058
Tourism	--	145,834	145,834
Child safety	--	15,618	15,618
Public safety	--	42,024	42,024
Court technology	--	76,616	76,616
Capital Projects	--	279,409	279,409
	<u>--</u>	<u>702,559</u>	<u>702,559</u>
Assigned:			
Right of way	1,000,000	--	1,000,000
Capital replacement	500,000	416,727	916,727
Grant matching	850,000	--	850,000
Facilities	600,000	--	600,000
Economic development	50,000	--	50,000
	<u>3,000,000</u>	<u>416,727</u>	<u>3,416,727</u>
Unassigned	<u>6,786,574</u>	<u>--</u>	<u>6,786,574</u>
	<u>\$9,793,590</u>	<u>\$1,119,286</u>	<u>\$10,912,876</u>

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Deferred resource outflows not available to pay for current-period expenditures and are deferred in the funds." The details of this \$19,574 difference are as follows:

Bonds insurance costs:  
City

\$19,574

# CITY OF STEPHENVILLE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2015

### III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. Budgetary information

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund, Special Revenue Funds, and the Debt Service Fund. All annual appropriations lapse at the end of each fiscal year. Budgets are adopted for the proprietary funds annually only as a management tool. There are no legally mandated budgetary constraints for the proprietary funds. Capital Project funds were not budgeted since project length financial plans usually extend into two or more fiscal years, this makes comparisons confusing and misleading.

In May of each year, budget preparation packages are distributed to all City agencies. The agencies of the City submit requests for appropriation to the City Administrator before June 15 so that a budget may be prepared. The budget is prepared by department and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. During August, the proposed budget is presented to the City Council for review. The City Council holds one public hearing before August 31 and may add to, subtract from, or change appropriations. Any changes in the budget must be within the revenue and reserves estimated as available by the City Administrator, or the revenue estimates must be changed by an affirmative vote of a majority of the City Council.

The appropriated budget is prepared by fund, function and department. The City's management may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level. The City Council made several supplementary budget appropriations during the year.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year end and do not constitute expenditures or liabilities because the commitments must be reappropriated and honored during the subsequent year. There were no significant encumbrances at September 30, 2015.

#### B. Expenditures over Appropriations

Expenditures exceeded appropriations in the General Fund in various departments. The following overruns were funded by unexpected revenues.

##### Current expenditures:

General government	
City administrator	\$1,384
City secretary	1,785
Emergency management	874
Public safety	
Fire prevention and investigation	586

##### Capital outlay:

General government	
City administrator	\$53
Public safety	
Fire suppression	13
Emergency medical services	114,261
Culture and recreation	
Library	228
Senior citizens center	30
Community development	
Community development planning	37

**CITY OF STEPHENVILLE, TEXAS**  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended September 30, 2015

**IV. DETAILED NOTES ON ALL FUNDS**

A. Deposits and investments

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. At September 30, 2015, the City's deposits were entirely insured or collateralized with securities held by the pledging financial institution's trust department or agent in the City's name; as a result, the City's deposits were not exposed to custodial credit risk.

Investments

At September 30, 2015, the City had the following investments which are considered cash equivalents:

<b>Investment Type</b>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$7,324,589	40
TexStar	2,052,879	46
Frost	<u>4,542,122</u>	60
	13,919,590	
Cash	<u>1,472,539</u>	
	<u><u>\$15,392,129</u></u>	

Cash and cash equivalents are reported in the

Statement of net assets as follows:

Governmental activities unrestricted	\$10,110,837
Business-type activities unrestricted	4,119,554
Business-type activities restricted	<u>1,161,738</u>
	<u><u>\$15,392,129</u></u>

The City's investment pools are 2a7-like pools. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Lehman Brothers, Inc. and Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accountants. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. The fund is rated AAAM by Standard & Poor's.

TexSTAR is a local government investment pool created under the Interlocal Cooperation Act. The fund is rated AAAM by Standard & Poor's and maintains a maturity of 60 days or less, with a maximum maturity of 13 months for any individual security. The fund fulfills all requirements of the Texas Public Funds Investment Act for local government investment pools. TexSTAR is administered by First Southwest Asset Management, Inc. and JP Morgan Chase.

The fair value of the City's position in these pools is the same as the value of the pool shares.

# CITY OF STEPHENVILLE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2015

*Interest Rate Risk.* In accordance with its investment policy, the City manages its exposure to declines in fair market values by limiting the weighted average maturity of its investment portfolios to a maximum of 180 days.

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2015, the City's entire deposit balance was collateralized with securities held by the pledging financial institution or covered by FDIC insurance.

*Credit Risk.* It is the City's policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization.

### B. Receivables

Receivables as of year-end for the government's individual major funds and nonmajor, and proprietary funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Nonmajor and Other	Water and Wastewater	Storm Water	Nonmajor Enterprise
Taxes receivable - delinquent	\$1,207,404	\$82,865	\$ --	\$ --	\$ --
Allowance for uncollectibles	(22,678)	(3,321)	--	--	--
	<u>\$1,184,726</u>	<u>\$79,544</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Fines receivable	\$1,035,073	\$ --	\$ --	\$ --	\$ --
Allowance for uncollectibles	(522,869)	--	--	--	--
	<u>\$512,204</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Accounts receivable	\$1,368,297	\$ --	\$1,889,707	\$91,554	\$53,691
Allowance for uncollectibles	(998,370)	--	(469,863)	(12,439)	(1,437)
Net other receivables	<u>\$369,927</u>	<u>\$ --</u>	<u>\$1,419,844</u>	<u>\$79,115</u>	<u>\$52,254</u>
Other receivables	<u>\$ --</u>	<u>\$5,474</u>	<u>\$2,650</u>	<u>\$ --</u>	<u>\$ --</u>

### Deferred/Unearned Revenue

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	\$39,352	\$ --
Delinquent property taxes receivable (Debt Service Fund)	5,026	--
Ambulance charges for services	213,895	--
Fines receivable (General Fund)	98,174	--
Other (Airport Enterprise Fund)	--	12,800
Total deferred/unearned revenue for governmental funds	<u>\$356,447</u>	<u>\$12,800</u>

**CITY OF STEPHENVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended September 30, 2015

C. Deferred Outflow of Resources

Deferred charges in the financial statements are composed of the following items:

	Governmental Activities	Business-type Activities
Deferred charge on refunding	\$19,574	\$63,836
Deferred pension plan expense	982,336	149,388
	<u>\$1,001,910</u>	<u>\$213,224</u>

D. Capital assets

Capital asset activity for the year ended September 30, 2015:

	Balance 9/30/14	Additions	Retirements	Completed Construction	Balance 9/30/15
<b>GOVERNMENTAL ACTIVITIES:</b>					
Capital assets, not being depreciated:					
Land	\$2,367,036	\$90,275	\$ --	\$ --	\$2,457,311
Construction in progress	--	--	--	--	--
Total capital assets not being depreciated	<u>2,367,036</u>	<u>90,275</u>	<u>--</u>	<u>0</u>	<u>2,457,311</u>
Capital assets, being depreciated:					
Buildings and improvements	6,559,482	350,476	--	--	6,909,958
Machinery and equipment	8,148,306	566,807	(60,325)	--	8,654,788
Infrastructure	21,027,131	195,964	--	--	21,223,095
Total capital assets being depreciated	<u>35,734,919</u>	<u>1,113,247</u>	<u>(60,325)</u>	<u>0</u>	<u>36,787,841</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,445,217)	(170,610)	--	--	(1,615,827)
Machinery and equipment	(5,221,064)	(380,516)	40,562	--	(5,561,018)
Infrastructure	(9,076,303)	(487,061)	--	--	(9,563,364)
Total accumulated depreciation	<u>(15,742,584)</u>	<u>(1,038,187)</u>	<u>40,562</u>	<u>--</u>	<u>(16,740,209)</u>
Total capital assets being depreciated, net	<u>19,992,335</u>	<u>75,060</u>	<u>(19,763)</u>	<u>--</u>	<u>20,047,632</u>
Governmental activities capital assets, net	<u>\$22,359,371</u>	<u>\$165,335</u>	<u>(\$19,763)</u>	<u>\$ --</u>	<u>\$22,504,943</u>

**CITY OF STEPHENVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended September 30, 2015**

	Balance 9/30/14	Additions	Retirements	Completed Construction	Balance 9/30/15
<b>BUSINESS-TYPE ACTIVITIES:</b>					
Capital assets, not being depreciated:					
Land	\$2,434,794	\$ --	\$ --	\$ --	\$2,434,794
Construction in progress	219,275	16,993	--	(219,275)	16,993
Total capital assets not being depreciated	2,654,069	16,993	--	(219,275)	2,451,787
Capital assets, being depreciated:					
Buildings and improvements	19,451,965	23,785	--	72,368	19,548,118
Machinery and equipment	3,167,770	634,276	(57,921)	--	3,744,125
Water and wastewater system	52,819,780	3,514,901	--	146,907	56,481,588
Total capital assets being depreciated	75,439,515	4,172,962	(57,921)	219,275	79,773,831
Less accumulated depreciation for:					
Buildings and improvements	(3,518,249)	(455,601)	--	--	(3,973,850)
Machinery and equipment	(2,036,369)	(284,078)	54,882	--	(2,265,565)
Water and wastewater system	(24,026,423)	(1,189,287)	--	--	(25,215,710)
Total accumulated depreciation	(29,581,041)	(1,928,966)	54,882	--	(31,455,125)
Capital assets being depreciated, net	45,858,474	2,243,996	(3,039)	--	48,318,706
Business type activities capital assets, net	\$48,512,543	\$2,260,989	(\$3,039)	\$ --	\$50,770,493

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$77,221
Public safety	325,992
Streets	478,721
Culture and recreation	155,106
Community development	1,147
Total depreciation expense - governmental activities	<u>\$1,038,187</u>

Business-type activities:

Water and sewer	\$1,387,990
Storm Water Drainage	274,458
Nonmajor Enterprise Funds	266,518
Total depreciation expense - business-type activities	<u>\$1,928,966</u>

**CITY OF STEPHENVILLE, TEXAS**  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended September 30, 2015

Construction commitments

The City has active construction projects as of September 30, 2015. The projects include street construction, parking improvements, water system improvements, and sewer system improvements.

Project	Spent to Date	Remaining Commitment
Bosque River Trail Phase II	\$90,275	\$1,751,750
	<u>\$90,275</u>	<u>\$1,751,750</u>

The Bosque river Trail Phase II improvements are being financed by general obligation bond proceeds.

E. Interfund receivables, payables, and transfers

The composition of interfund transfers for the year ended September 30, 2015, is as follows:

Fund	Transfer In	Transfer Out
Major Governmental Funds		
General Fund	\$208,824	\$ --
Major Business-type Funds		
Water and Wastewater Enterprise Fund	10,536	208,824
Nonmajor Business-type Funds		
Sanitary landfill	--	10,536
Totals	<u>\$219,360</u>	<u>\$219,360</u>

The transfer from the Water and Wastewater Fund to the General Fund was for payments in lieu of taxes. The transfer from the Sanitary Landfill Fund to the Water and Sewer fund was for administrative services.

F. Long-term debt

The City issues general obligation debt (in the form of general obligation bonds, certificates of obligation, contractual obligations, and notes payable) to provide funds for the acquisition and construction of equipment and major capital facilities. General obligation debt has been issued for both governmental and business-type activities. These issues are direct obligations and pledge the full faith and credit of the City.

Governmental Activities

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities of governmental activities and to refund previous issues. General obligation bonded debt of the City is as follows:

\$1,315,000 General Obligation - Series 2014, principal due annually in series through 2019, interest due semi-annually at 3.85%	1,155,000
\$4,000,000 Combination Tax and Revenue Certificates of Obligation - Series 2011, principal due annually in series through 2031, interest due semi-annually at 1.75% - 4.25%.	<u>3,180,000</u>
Total Governmental Activities Bonds	<u>\$ 4,335,000</u>

# CITY OF STEPHENVILLE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2015

### Business-type Activities

The City also issues revenue bonds to finance business-type activities, primarily for construction of infrastructure, where it pledges net available revenue to repay debt. Net available revenue, as defined, totaled \$3,209,110 which was coverage of 1.63 times revenue bond debt service of \$1,964,559:

\$5,500,000 Combination Tax and Revenue Certificates of Obligation - Series 2001, principal due annually in series through 2016, interest due semi-annually at 4.59%	\$ 1,095,000
\$575,000 Combination Tax and Revenue Certificates of Obligation Refunding Bonds - Series 2013, principal due annually in series through 2033, interest due semi-annually at 2.0% to 4.0%	490,000
\$275,000 Combination Tax and Revenue Certificates of Obligation - Series 2003A, principal due annually in series through 2018, interest due semi-annually at 4.15%	65,850
\$2,000,000 Combination Tax and Revenue Certificates of Obligation - Series 2006, principal due annually in series through 2016, interest due semi-annually at 3.77%	240,000
\$4,300,000 Combination Tax and Revenue Certificates of Obligation - Series 2006A, principal due annually in series through 2027, interest due semi-annually at 3.92%	2,970,000
\$1,000,000 Combination Tax and Revenue Certificates of Obligation - Series 2013, principal due annually in series through 2024, interest due semi-annually at 2.49%	980,000
\$3,830,000 Combination Tax and Revenue Certificates of Obligation Refunding Bonds - Series 2013, principal due annually in series through 2033, interest due semi-annually at 2.00% to 4.00%	<u>3,615,000</u>
Total Revenue Bonds	9,455,850
\$5,175,000 General Obligation Bonds - Series 2014, principal due annually in series through 2019, interest due semi-annually at 1.19%	<u>4,790,000</u>
Total Business Activities Bonds	<u>\$ 14,245,850</u>

Annual debt service requirements to maturity for general debt:

Year	Governmental Activities		Business Type Activities		Total
	Principal	Interest	Principal	Interest	
2016	\$415,000	\$66,463	\$2,082,000	\$380,246	\$2,943,709
2017	390,000	97,445	1,918,000	301,563	2,707,008
2018	365,000	128,193	1,935,000	269,551	2,697,744
2019	380,000	\$121,695	1,955,000	237,975	2,694,670
2020	180,000	114,538	475,000	215,532	985,070
2021-2025	1,035,000	447,206	2,430,000	840,171	4,752,377
2026-2030	1,280,000	202,300	2,040,000	468,391	3,990,691
2031-2033	290,000	6,163	1,410,000	86,200	1,792,363
Total	<u>\$4,335,000</u>	<u>\$1,184,003</u>	<u>\$14,245,000</u>	<u>\$2,799,629</u>	<u>\$22,563,632</u>

### Capital Lease Obligations

Capitalized lease obligations are comprised of leases whose terms provide for a bargain purchase options at the end of the lease periods or provide the rights of ownership during the economic useful life of the assets. The Water and Sewer Fund and the Sanitary Landfill Fund are used to make payments as due.

**CITY OF STEPHENVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended September 30, 2015

Governmental

\$113,938 due in instalments of \$30,584, including interest at 2.9%, annually through June 2019, and secured by equipment with an original cost of \$143,938 and a net book value of \$130,984 \$113,938

Business-type

\$2,988,450 due in instalments ranging from \$149,068 to \$193,967, including interest at 2.558%, semiannually through September 2024, and secured by equipment with an original cost of \$2,988,450 and a net book value of \$2,917,474 2,778,834

\$486,500 due in instalments of \$103,500, including interest at 3.19%, annually through June 2019, secured by equipment with an original cost of \$486,500 and a net book value of \$423,950 383,000  
3,161,834  
\$3,275,772

Future minimum payments for leases, contracts and loans are as follows:

Year	Governmental	Water & Sewer	Sanitary Landfill	Total
2016	\$30,584	\$306,980	\$103,500	\$441,064
2017	30,584	295,400	103,500	429,484
2018	30,584	338,198	103,500	472,282
2019	30,584	347,800	103,500	\$481,884
2020	--	358,074	--	358,074
2021-2024	--	1,498,815	--	1,498,815
Total	122,336	3,145,267	414,000	3,681,603
Less interest	(8,398)	(366,433)	(31,000)	(405,831)
Present value	<u>\$113,938</u>	<u>\$2,778,834</u>	<u>\$383,000</u>	<u>\$3,275,772</u>

Changes in Long-term Liabilities

During the year ended September 30, 2015, the following changes occurred in liabilities reported in the capital long-term debt:

	Balance 9/30/14	Additions	Retirements	Balance 9/30/15	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$4,840,000	\$ --	(\$505,000)	\$4,335,000	\$415,000
Deferred amounts:					
Unamortized premium	21,186	--	(1,145)	20,041	1,145
Unamortized Discount	(2,452)	--	132	(2,320)	(132)
Total bonds payable	4,858,734	--	(506,013)	4,352,721	416,013
Capital leases	--	113,938	--	113,938	27,261
Compensated absences	370,020	298,985	(277,515)	391,490	293,617
Governmental activity Long-Term Liabilities	<u>\$5,228,754</u>	<u>\$412,923</u>	<u>(\$783,528)</u>	<u>\$4,858,149</u>	<u>\$736,891</u>

**CITY OF STEPHENVILLE, TEXAS**  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended September 30, 2015

	Balance 9/30/14	Additions	Retirements	Balance 9/30/15	Due Within One Year
<b>Business-type activities:</b>					
Revenue Combo Bonds	\$16,236,827	\$ --	(\$1,991,000)	\$14,245,827	\$2,082,000
Deferred amounts:					
Unamortized premium	249,483	--	(10,890)	238,593	13,634
Unamortized (discount)	(29,193)	--	1,578	(27,615)	(1,578)
Total bonds payable	16,457,117	--	(2,000,312)	14,456,805	2,094,056
Capital lease obligations	--	3,474,950	(313,116)	3,161,834	328,701
Estimated landfill closure and					
Postclosure cost	140,905	12,629	--	153,534	--
Compensated absences	57,194	54,515	(42,895)	68,814	51,610
Business-type activities	<u>\$16,655,216</u>	<u>\$3,542,094</u>	<u>(\$2,356,323)</u>	<u>\$17,840,987</u>	<u>\$2,474,367</u>

For the governmental activities, claims and judgements and compensated absences are generally liquidated by the general fund.

**Authorized and Unissued Debt**

There is no authorized but unissued debt at September 30, 2015.

**Contingent Arbitrage Liabilities**

The City has invested a portion of revenue bond proceeds as a reserve for the retirement of the bonds. Any excess of interest revenue earned on invested proceeds over interest paid on the bonds must be rebated to the federal government every five years.

**V. OTHER INFORMATION**

**A. Risk management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health benefits; and other claims of various nature. The City participates in the Texas Municipal League Intergovernmental Risk Pool. As an insured, the City is not obligated to reimburse the pool for losses. The City has not had any significant reductions in insurance coverage, nor have insurance settlements for the last three fiscal years exceeded insurance coverage. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the City's financial statements. The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures.

**B. Contingent Liabilities and Commitments**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's management that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

# CITY OF STEPHENVILLE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2015

### C. Municipal Solid Waste Landfill Closure and Post Closure Costs

The City has constructed a Type IV sanitary landfill, which began operations on December 1, 1995. This facility is permitted to accept only brush and/or construction demolition wastes and rubbish free of household wastes.

State and federal laws and regulations require the City to place a final cover on the landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for a period of five years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City will report a portion of these closure and post closure costs as an operating expense in each period based on landfill capacity used to date. Estimated closure and 5-year post closure costs are approximately \$410,724. The landfill site has an estimated net capacity of 584,974 cubic yards and is expected to be closed within the next 10 years; approximately 55.66% of the landfill was used at year-end. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City has received written authorization from the state that no annual contributions are required, thus the intent of the City is to fund the required expenses as incurred.

### D. Change in Generally Accepted Accounting Policy

The City has implemented new accounting guidance from Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27. Certain assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses are now recognized by governmental type activities and proprietary funds.

### E. Prior Year Adjustment

As noted above, the City implemented GASB-68 during FY2015. GASB-68 requires that beginning net position, for Governmental Activities and funds applying the full accrual method, be restated for the effect of beginning net pension (liability)/asset, beginning deferred pension outflows of resources, and beginning deferred pension inflows of resources.

Description	Governmental Activities	Business-type Activities
Net position - FYE 9/30/14	\$27,697,748	\$37,235,531
Beginning net pension liability	(3,158,813)	(480,372)
Beginning deferred pension outflows of resources	690,158	104,955
Total restatement for GASB 68	(2,468,655)	(375,417)
Restated net position - FY 9/30/14	<u>\$25,229,093</u>	<u>\$36,860,114</u>

### F. Retirement Commitments

#### 1. Plan Description

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the

# CITY OF STEPHENVILLE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2015

Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

All eligible employees of the city are required to participate in TMRS.

### 2. Benefits

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

*Employees covered by benefit terms.*

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees (or their beneficiaries) currently receiving benefits	70
Inactive employees entitled to but not yet receiving benefits	75
Active employees	142
	<hr/>
	287
	<hr/> <hr/>

### 3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.04% and 15.75% in calendar years 2014 and 2015, respectively. The city's contributions to TMRS for the year ended September 30, 2015, were \$1,043,177 and were equal to the required contributions.

### 4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

#### **Actuarial assumptions:**

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

# CITY OF STEPHENVILLE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2015

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
Domestic equity	17.50%	4.80%
International equities	17.50%	6.05%
Core fixed income	30.00%	1.50%
Non-core fixed income	10.00%	3.50%
Real return	5.00%	1.75%
Real estate	10.00%	5.25%
Absolute return	5.00%	4.25%
Private equity	5.00%	8.50%
	100.00%	

**CITY OF STEPHENVILLE, TEXAS**  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended September 30, 2015

*Discount Rate*

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

*Changes in the net pension liability*

	Increase (Decrease)		
	Total Pension Liability [a]	Plan Fiduciary Net Position [b]	Net Pension Liability [c]
Balance at 12/31/13	\$35,818,058	\$32,178,872	\$3,639,186
Changes for the year:			
Service cost	992,735	0	992,735
Interest	2,494,034	0	2,494,034
Change of benefit terms	0	0	0
Difference between expected and actual experience	(36,585)	0	(36,585)
Changes of assumptions	0	0	0
Contributions - employer	0	1,060,235	(1,060,235)
Contributions - employees	0	436,423	(436,423)
Net investment income	0	1,840,969	(1,840,969)
Benefit payments, including refunds of employee contributions	(1,370,731)	(1,370,731)	0
Amortization of prior year assets	0	0	0
Administrative expense	0	(19,219)	19,219
Other changes	0	(1,580)	1,580
Net changes	2,079,453	1,946,097	133,356
Balance at 12/31/14	\$37,897,511	\$34,124,969	\$3,772,542

**CITY OF STEPHENVILLE, TEXAS**  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended September 30, 2015

*Sensitivity of the net pension liability to changes in the discount rate*

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
Net Pension Liability/(Asset)	\$9,194,833	\$3,772,542	(\$678,584)

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmr.com](http://www.tmr.com).

*Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions*

For the year ended September 30, 2015, the City recognized pension expense of \$892,890. At September 30, 2015, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Original Amount	Date Established	Original Recognition Period	Date of Deferred (Inflows)/Outflows 12/31/2014
<b>Due to liabilities:</b>				
Difference in expected and actual	(\$36,585)	12/31/2014	(\$7,173)	(\$29,412)
			(7,173)	(29,412)
<b>Due to assets:</b>				
Difference in projected and actual	\$411,552	12/31/2014	82,310	329,242
			82,310	329,242
				<u>\$299,830</u>

**CITY OF STEPHENVILLE, TEXAS**  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended September 30, 2015

\$1,131,724 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Inflows/outflows to Be Recognized in Future Years

<u>Year ended December 31,</u>	
2015	\$75,137
2016	75,137
2017	75,137
2018	75,139
2019	(720)
	<u>\$299,830</u>

E. Other Postemployment Benefits

Supplemental Death Benefits Fund (SDBF)

The City also participates in the cost sharing multiple-employer defined benefit group term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2015, 2014 and 2013 were \$13,400, \$12,351, and \$12,003, respectively, which equaled the required contributions each year.

Schedule of Contribution Rates

(Retiree-only portion of the rate)

<u>Plan/ Calendar Year</u>	<u>Annual Required Contribution (Rate)</u>	<u>Actual Contribution Made (Rate)</u>	<u>Percentage of ARC Contributed</u>
2013	0.18%	0.18%	100%
2014	0.18%	0.18%	100%
2015	0.19%	0.19%	100%

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### *Required Supplementary Information*

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

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**CITY OF STEPHENVILLE, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**EXHIBIT B-1**  
Page 1 of 3

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes	\$ 11,147,477	\$ 11,390,577	\$ 11,709,391	\$ 318,814
Service charges	904,400	1,049,400	1,111,193	61,793
Fines and forfeitures	250,000	250,000	240,542	(9,458)
Licenses and permits	171,300	221,800	227,979	6,179
Intergovernmental	68,000	195,807	196,980	1,173
Investment earnings	5,500	5,500	4,717	(783)
Miscellaneous	11,200	86,200	167,941	81,741
Total revenues	<u>12,557,877</u>	<u>13,199,284</u>	<u>13,658,743</u>	<u>459,459</u>
Expenditures:				
Current:				
General Government				
City council	223,540	271,540	153,021	118,519
City administrator	143,004	160,189	161,573	(1,384)
City secretary	109,577	109,706	111,491	(1,785)
Emergency management	13,750	21,950	22,824	(874)
Municipal buildings	118,480	164,807	134,201	30,606
Municipal service center	90,797	114,874	106,389	8,485
Financial administration and accounting	337,965	401,577	380,853	20,724
Purchasing	67,929	67,535	65,143	2,392
Information Technology	124,006	126,339	120,660	5,679
Tax assessment and collection	148,050	148,050	145,564	2,486
Legal counsel	111,648	275,648	260,927	14,721
Municipal court	173,000	173,000	159,922	13,078
Human resources	114,656	104,192	99,616	4,576
Total General Government	<u>1,776,402</u>	<u>2,139,407</u>	<u>1,922,184</u>	<u>217,223</u>
Public Safety				
Fire and ambulance administration	271,898	318,584	299,838	18,746
Fire prevention and investigation	180,639	193,439	194,025	(586)
Fire suppression	1,240,674	1,234,864	1,190,459	44,405
Emergency medical services	1,177,535	1,179,559	1,150,392	29,167
Volunteer	31,117	31,117	20,124	10,993
Police administration	363,277	348,906	336,223	12,683
Police patrol	2,060,659	2,111,490	1,957,723	153,767
Police communications	717,633	637,315	598,731	38,584
Support services	161,749	161,152	159,481	1,671
Criminal investigation	635,534	755,704	719,500	36,204
Professional standards	268,413	269,865	263,105	6,760
Animal control	133,292	135,172	103,209	31,963
Public Safety Clerical	178,179	187,959	180,344	7,615
Total Public Safety	<u>7,420,599</u>	<u>7,565,126</u>	<u>7,173,154</u>	<u>391,972</u>
Streets				
Street Maintenance	1,037,470	1,102,454	968,092	134,362
Total Streets	<u>1,037,470</u>	<u>1,102,454</u>	<u>968,092</u>	<u>134,362</u>

**CITY OF STEPHENVILLE, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**EXHIBIT B-1**  
Page 2 of 3

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Culture and Recreation</i>				
<i>Community Services</i>	\$ 170,322	\$ 100,790	\$ 98,643	\$ 2,147
<i>Recreation administration</i>	465,282	602,982	439,801	163,181
<i>Park maintenance</i>	590,556	665,151	549,433	115,718
<i>Cemeteries</i>	158,558	163,558	152,846	10,712
<i>Library</i>	227,883	265,883	252,382	13,501
<i>Senior citizens center</i>	136,022	160,758	136,379	24,379
<i>Aquatic center</i>	195,152	195,152	180,247	14,905
<i>Total Culture and Recreation</i>	<u>1,943,775</u>	<u>2,154,274</u>	<u>1,809,731</u>	<u>344,543</u>
<i>Community Development</i>				
<i>Community development planning</i>	203,447	232,945	224,629	8,316
<i>Community development inspection</i>	220,615	205,615	157,682	47,933
<i>Code enforcement</i>	84,677	86,367	73,885	12,482
<i>Total Community Development</i>	<u>508,739</u>	<u>524,927</u>	<u>456,196</u>	<u>68,731</u>
Total Current	<u>12,686,985</u>	<u>13,486,188</u>	<u>12,329,357</u>	<u>1,156,831</u>
<i>Capital outlay</i>				
<i>General Government</i>				
<i>City council</i>	--	11,500	11,553	(53)
<i>Total General Government</i>	<u>--</u>	<u>11,500</u>	<u>11,553</u>	<u>(53)</u>
<i>Public Safety</i>				
<i>Fire and ambulance administration</i>	4,096	4,096	3,910	186
<i>Fire suppression</i>	33,652	3,652	3,665	(13)
<i>Emergency medical services</i>	39,793	75,100	189,361	(114,261)
<i>Police patrol</i>	168,500	193,500	187,607	5,893
<i>Animal control</i>	70,000	70,000	68,936	1,064
<i>Public safety clerical</i>	--	55,760	55,761	(1)
<i>Total Public Safety</i>	<u>316,041</u>	<u>402,108</u>	<u>509,240</u>	<u>(107,132)</u>
<i>Highways and Streets</i>				
<i>Street Maintenance</i>	280,000	380,000	32,063	347,937
<i>Total Highways and Streets</i>	<u>280,000</u>	<u>380,000</u>	<u>32,063</u>	<u>347,937</u>
<i>Culture and Recreation</i>				
<i>Park maintenance</i>	16,000	214,000	195,115	18,885
<i>Library</i>	--	5,000	5,228	(228)
<i>Senior citizens center</i>	--	39,800	39,830	(30)
<i>Total Culture and Recreation</i>	<u>16,000</u>	<u>258,800</u>	<u>240,173</u>	<u>18,627</u>
<i>Community Development</i>				
<i>Community development planning</i>	--	--	37	(37)
<i>Community development inspection</i>	22,000	22,000	20,264	1,736
<i>Total Community Development</i>	<u>22,000</u>	<u>22,000</u>	<u>20,301</u>	<u>1,699</u>
Total Capital Outlay	<u>634,041</u>	<u>1,074,408</u>	<u>813,330</u>	<u>261,078</u>
Total expenditures	<u>13,321,026</u>	<u>14,560,596</u>	<u>13,142,687</u>	<u>1,417,909</u>
Excess (deficiency) of revenues (under) expenditures	<u>(763,149)</u>	<u>(1,361,312)</u>	<u>516,056</u>	<u>1,877,368</u>

Other financing sources (uses):

**CITY OF STEPHENVILLE, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Transfers in</i>	\$ 208,825	\$ 208,825	\$ 208,824	\$ (1)
<i>Insurance proceeds</i>	--	416,650	63,740	(352,910)
<i>Sale of fixed assets</i>	20,000	20,000	11,165	(8,835)
<i>Capital leases</i>	--	--	113,938	113,938
Total other financing sources (uses)	<u>228,825</u>	<u>645,475</u>	<u>397,667</u>	<u>247,808</u>
Net change in fund balances	(534,324)	(715,837)	913,723	1,629,560
Fund balances, October 1	8,879,867	8,879,867	8,879,867	--
Fund balances, September 30	<u>\$ 8,345,543</u>	<u>\$ 8,164,030</u>	<u>\$ 9,793,590</u>	<u>\$ 1,629,560</u>

**CITY OF STEPHENVILLE, TEXAS**  
*SCHEDULE OF CHANGES IN THE CITY'S  
 NET PENSION LIABILITY AND RELATED RATIOS  
 TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN  
 LAST TEN FISCAL YEARS*

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Total pension liability:</b>										
Service cost	\$ 992,735	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Interest	2,494,034	--	--	--	--	--	--	--	--	--
Changes of benefit terms	--	--	--	--	--	--	--	--	--	--
Differences between expected and actual experience	(36,585)	--	--	--	--	--	--	--	--	--
Changes of assumptions	--	--	--	--	--	--	--	--	--	--
Benefit payments, including refunds of employee contributions	(1,370,731)	--	--	--	--	--	--	--	--	--
<b>Net change in total pension liability</b>	<b>2,079,453</b>	<b>--</b>								
<b>Total pension liability - beginning</b>	<b>35,818,058</b>	<b>--</b>								
<b>Total pension liability - ending (a)</b>	<b>\$ 37,897,511</b>	<b>\$ --</b>								
<b>Plan fiduciary net position:</b>										
Contributions - employer	\$ 1,060,235	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions - employee	436,423	--	--	--	--	--	--	--	--	--
Net investment income	1,840,969	--	--	--	--	--	--	--	--	--
Benefit payments, including refunds of employee contributions	(1,370,731)	--	--	--	--	--	--	--	--	--
Administrative expense	(19,219)	--	--	--	--	--	--	--	--	--
Other	(1,580)	--	--	--	--	--	--	--	--	--
<b>Net change in plan fiduciary net position</b>	<b>1,946,097</b>	<b>--</b>								
<b>Plan fiduciary net position - beginning</b>	<b>32,178,872</b>	<b>--</b>								
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 34,124,969</b>	<b>\$ --</b>								
<b>City's net pension liability - ending (a) - (b)</b>	<b>\$ 3,772,542</b>	<b>\$ --</b>								
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	90.05%	--	--	--	--	--	--	--	--	--
<b>Covered-employee payroll City's net pension liability as a percentage of covered-employee payroll</b>	54.66%	--	--	--	--	--	--	--	--	--

**CITY OF STEPHENVILLE, TEXAS**  
 SCHEDULE OF CITY CONTRIBUTIONS  
 TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN  
 LAST TEN FISCAL YEARS

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 1,060,235	\$ 1,030,433	\$ 1,044,885	\$ 1,002,179	\$ 1,058,433	\$ 1,102,965	\$ 1,068,923	\$ 934,956	\$ 696,664	\$ 590,098
Contributions in relation to the actuarially determined contribution	(1,060,235)	(1,030,433)	(1,044,885)	(1,002,179)	(1,058,433)	(1,102,965)	(1,068,923)	(934,956)	(696,664)	(590,098)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Covered-employee payroll	\$ 6,901,589	\$ 6,901,589	\$ 6,634,190	\$ 6,310,948	\$ 5,949,603	\$ 6,150,305	\$ 6,040,379	\$ 5,773,061	\$ 5,147,282	\$ 5,005,388
Contributions as a percentage of covered-employee payroll	15.36%	14.93%	15.75%	15.88%	17.79%	17.93%	17.70%	16.20%	13.53%	11.79%

**Notes to Schedule**

**Valuation date:** 12/31/2014

**Methods and assumptions used to determine contribution rates:**

Valuation timing	Actuarially determined contribution rates are calculated as of December 31, and become effective in January thirteen months later.
Actuarial cost method	Entry age, normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 years
Asset valuation method	10-year smoothing period, market value recognition method, 15% soft corridor
Inflation	3.0%
Salary increases	3.5% to 12.00, including inflation
Investment rate of return	7.0%, net of pension plan investment expense, including inflation
Cost of living adjustments	Cost of living adjustments are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost of living adjustment is included in the GASB calculations. No assumption for future cost of living adjustments is included in the funding valuation.
Retirement age	Experienced based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with males rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Demographic assumptions	Tables for annual rates for merit salary increases, termination, disability, service retirement, probability of withdrawal, retirement age, turnover, and mortality are available in the annual certification for December 31, 2015 which is included in the TMRS CAFR for December 31, 2015.
Benefit Changes	There were no benefit changes during 2015.

**CITY OF STEPHENVILLE, TEXAS**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
September 30, 2015  
(Unaudited)

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Information concerning the budget and budget calendar are detailed in footnote III.A. The General Fund budget is presented on a generally accepted accounting principles basis.

*Combining Statements and Budget Comparisons  
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

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## NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for specific revenue that is legally restricted to expenditures for particular purposes.

**Hotel/Motel Occupancy Tax** – This fund is used to account for hotel/motel occupancy tax revenue to be used for enhancing and promoting tourism and convention activity for the benefit of the hotel industry.

**Child Safety** – This fund is used to account for court costs used to operate a City school crossing guard program, or programs designated to enhance child safety, health, or nutrition; including child abuse prevention and intervention and drug and alcohol abuse prevention.

**Public Safety** – This fund is used to account for court costs used to promote various public safety programs.

**Court Technology** – This fund is used to account for court costs used to maintain technological enhancements for the municipal court.

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

The Capital Projects Fund was established to account for resources to be used for the acquisition or construction of general major capital facilities. Financing is provided primarily by the sale of general obligation bonds and developer contributions.

**CITY OF STEPHENVILLE, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit A-3)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
<i>Cash and cash equivalents</i>	\$ 290,049	\$ 139,915	\$ 696,136	\$ 1,126,100
Receivables (net of allowances for uncollectibles):				
<i>Taxes</i>	72,458	7,086	--	79,544
<i>Other</i>	5,474	--	--	5,474
<i>Intergovernmental</i>	--	1,083	--	1,083
<b>Total Assets</b>	<u>\$ 367,981</u>	<u>\$ 148,084</u>	<u>\$ 696,136</u>	<u>\$ 1,212,201</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
<i>Accounts payable</i>	\$ 87,889	\$ --	\$ --	\$ 87,889
<b>Total Liabilities</b>	<u>87,889</u>	<u>--</u>	<u>--</u>	<u>87,889</u>
Deferred Inflows of Resources:				
<i>Deferred revenue</i>	--	5,026	--	5,026
<b>Total Deferred Inflows of Resources</b>	<u>--</u>	<u>5,026</u>	<u>--</u>	<u>5,026</u>
Fund Balances:				
<i>Restricted</i>	280,092	143,058	279,409	702,559
<i>Assigned</i>	--	--	416,727	416,727
<b>Total fund balances</b>	<u>280,092</u>	<u>143,058</u>	<u>696,136</u>	<u>1,119,286</u>
<b>Total Liabilities, Deferred Inflows of     Resources and Fund Balances</b>	<u>\$ 367,981</u>	<u>\$ 148,084</u>	<u>\$ 696,136</u>	<u>\$ 1,212,201</u>

**CITY OF STEPHENVILLE, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenue:				
<i>Taxes</i>	\$ 442,854	\$ 580,996	\$ --	\$ 1,023,850
<i>Fines and forfeitures</i>	17,842	--	--	17,842
<i>Intergovernmental</i>	3,654	--	--	3,654
<i>Investment earnings</i>	169	717	387	1,273
Total revenues	<u>464,519</u>	<u>581,713</u>	<u>387</u>	<u>1,046,619</u>
Expenditures:				
<i>Public safety</i>	494,846	--	--	494,846
<i>Culture and recreation</i>	--	--	43,708	43,708
<i>Capital outlay</i>	--	--	46,567	46,567
Debt service:				
<i>Principal</i>	--	505,000	--	505,000
<i>Interest and fiscal charges</i>	--	77,845	--	77,845
Total expenditures	<u>494,846</u>	<u>582,845</u>	<u>90,275</u>	<u>1,167,966</u>
Net change in fund balances	(30,327)	(1,132)	(89,888)	(121,347)
Fund balances, October 1	310,419	144,190	786,024	1,240,633
Fund balances, September 30	<u>\$ 280,092</u>	<u>\$ 143,058</u>	<u>\$ 696,136</u>	<u>\$ 1,119,286</u>

**CITY OF STEPHENVILLE, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2015**

	Hotel/Motel Occupancy Tax Fund	Child Safety
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
<i>Cash and cash equivalents</i>	\$ 151,226	\$ 15,618
Receivables (net of allowances for uncollectibles):		
<i>Taxes</i>	72,458	--
<i>Other</i>	5,474	--
Total Assets	<u>\$ 229,158</u>	<u>\$ 15,618</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
<i>Accounts payable</i>	\$ 83,324	\$ --
Total Liabilities	<u>83,324</u>	<u>--</u>
Fund Balances:		
<i>Restricted</i>	145,834	15,618
Total fund balances	<u>145,834</u>	<u>15,618</u>
 Total Liabilities and Fund Balances	<u>\$ 229,158</u>	<u>\$ 15,618</u>

<u>Public Safety</u>	<u>Court Technology</u>	<u>Total Nonmajor Special Revenue Funds (See Exhibit C-1)</u>
\$ 46,589	\$ 76,616	\$ 290,049
--	--	72,458
--	--	5,474
<u>\$ 46,589</u>	<u>\$ 76,616</u>	<u>\$ 367,981</u>
\$ 4,565	\$ --	\$ 87,889
<u>4,565</u>	<u>--</u>	<u>87,889</u>
42,024	76,616	280,092
<u>42,024</u>	<u>76,616</u>	<u>280,092</u>
\$ 46,589	\$ 76,616	\$ 367,981

**CITY OF STEPHENVILLE, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Hotel/Motel Occupancy Tax Fund	Child Safety
Revenue:		
<i>Taxes</i>	\$ 442,854	\$ --
<i>Fines and forfeitures</i>	--	5,763
<i>Intergovernmental</i>	--	--
<i>Investment earnings</i>	169	--
Total revenues	<u>443,023</u>	<u>5,763</u>
Expenditures:		
<i>Public safety</i>	482,456	11,900
Total expenditures	<u>482,456</u>	<u>11,900</u>
Net change in fund balances	(39,433)	(6,137)
Fund balances, October 1	185,267	21,755
Fund balances, September 30	<u>\$ 145,834</u>	<u>\$ 15,618</u>

<u>Public Safety</u>	<u>Court Technology</u>	<u>Total Nonmajor Special Revenue Funds (See Exhibit C-2)</u>
\$ --	\$ --	\$ 442,854
3,296	8,783	17,842
3,654	--	3,654
--	--	169
<u>6,950</u>	<u>8,783</u>	<u>464,519</u>
490	--	494,846
<u>490</u>	<u>--</u>	<u>494,846</u>
6,460	8,783	(30,327)
35,564	67,833	310,419
<u>\$ 42,024</u>	<u>\$ 76,616</u>	<u>\$ 280,092</u>

**CITY OF STEPHENVILLE, TEXAS**  
HOTEL/MOTEL OCCUPANCY TAX FUND  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

EXHIBIT C-5

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenue:			
<i>Taxes</i>	\$ 334,005	\$ 442,854	\$ 108,849
<i>Investment earnings</i>	--	169	169
Total revenues	<u>334,005</u>	<u>443,023</u>	<u>109,018</u>
Expenditures:			
Current:			
<i>General Government</i>			
<i>Public safety facility</i>	335,011	482,456	(147,445)
Total General Government	<u>335,011</u>	<u>482,456</u>	<u>(147,445)</u>
Total Current	<u>335,011</u>	<u>482,456</u>	<u>(147,445)</u>
Total expenditures	<u>335,011</u>	<u>482,456</u>	<u>(147,445)</u>
Net change in fund balances	(1,006)	(39,433)	(38,427)
Fund balances, October 1	185,267	185,267	--
Fund balances, September 30	<u>\$ 184,261</u>	<u>\$ 145,834</u>	<u>\$ (38,427)</u>

**CITY OF STEPHENVILLE, TEXAS**  
**CHILD SAFETY SPECIAL REVENUE FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**EXHIBIT C-6**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenue:			
<i>Fines and forfeitures</i>	\$ 12,000	\$ 5,763	\$ (6,237)
Total revenues	<u>12,000</u>	<u>5,763</u>	<u>(6,237)</u>
Expenditures:			
Current:			
<i>General Government</i>			
<i>Public safety facility</i>	11,900	11,900	--
<i>Total General Government</i>	<u>11,900</u>	<u>11,900</u>	<u>--</u>
Total Current	<u>11,900</u>	<u>11,900</u>	<u>--</u>
Total expenditures	<u>11,900</u>	<u>11,900</u>	<u>--</u>
Net change in fund balances	100	(6,137)	(6,237)
Fund balances, October 1	21,755	21,755	--
Fund balances, September 30	<u>\$ 21,855</u>	<u>\$ 15,618</u>	<u>\$ (6,237)</u>

**CITY OF STEPHENVILLE, TEXAS**  
**PUBLIC SAFETY SPECIAL REVENUE FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**EXHIBIT C-7**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:			
<i>Fines and forfeitures</i>	\$ --	\$ 3,296	\$ 3,296
<i>Intergovernmental</i>	3,700	3,654	(46)
Total revenues	<u>3,700</u>	<u>6,950</u>	<u>3,250</u>
Expenditures:			
Current:			
<i>Public Safety</i>			
<i>Public safety facility</i>	3,700	490	3,210
Total Public Safety	<u>3,700</u>	<u>490</u>	<u>3,210</u>
Total Current	<u>3,700</u>	<u>490</u>	<u>3,210</u>
Total expenditures	<u>3,700</u>	<u>490</u>	<u>3,210</u>
Net change in fund balances	--	6,460	6,460
Fund balances, October 1	35,564	35,564	--
Fund balances, September 30	<u>\$ 35,564</u>	<u>\$ 42,024</u>	<u>\$ 6,460</u>

**CITY OF STEPHENVILLE, TEXAS**  
*COURT TECHNOLOGY*  
*SPECIAL REVENUE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2015*

**EXHIBIT C-8**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:			
<i>Fines and forfeitures</i>	\$ 4,000	\$ 8,783	\$ 4,783
Total revenues	<u>4,000</u>	<u>8,783</u>	<u>4,783</u>
 Net change in fund balances	 4,000	 8,783	 4,783
 Fund balances, October 1	 67,833	 67,833	 --
Fund balances, September 30	<u>\$ 71,833</u>	<u>\$ 76,616</u>	<u>\$ 4,783</u>

**CITY OF STEPHENVILLE, TEXAS**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**EXHIBIT C-9**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenue:			
<i>Taxes</i>	\$ 582,100	\$ 580,996	\$ (1,104)
<i>Investment earnings</i>	104	717	613
Total revenues	<u>582,204</u>	<u>581,713</u>	<u>(491)</u>
Expenditures:			
Debt Service:			
<i>Principal</i>	505,000	505,000	--
<i>Interest and fiscal charges</i>	77,204	77,845	(641)
Total Debt Service:	<u>582,204</u>	<u>582,845</u>	<u>(641)</u>
Total expenditures	<u>582,204</u>	<u>582,845</u>	<u>(641)</u>
Net change in fund balances	--	(1,132)	(1,132)
Fund balances, October 1	144,190	144,190	--
Fund balances, September 30	<u>\$ 144,190</u>	<u>\$ 143,058</u>	<u>\$ (1,132)</u>

## NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City has decided that periodic determination of net income is appropriate for accountability purposes.

Sanitary Landfill – This fund is used to account for solid waste collection and disposal services provided to the residents of the City.

Airport – This fund is used to account for municipal airport services and to support air transportation and charter services.

**CITY OF STEPHENVILLE, TEXAS**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**SEPTEMBER 30, 2015**

	Enterprise Fund	Enterprise Fund	Total Nonmajor Enterprise Funds (See Exhibit A-7)
	Sanitary Landfill	Airport	
<b>ASSETS</b>			
Current Assets:			
<i>Cash and cash equivalents</i>	\$ 824,703	\$ 44,343	\$ 869,046
<i>Accounts receivable - net</i>	40,150	12,104	52,254
Total Current Assets	<u>864,853</u>	<u>56,447</u>	<u>921,300</u>
Noncurrent assets::			
Capital assets:			
<i>Land</i>	40,000	879,399	919,399
<i>Buildings and improvements</i>	915,135	5,286,665	6,201,800
<i>Machinery and equipment</i>	1,596,879	181,344	1,778,223
<i>Construction in progress</i>	--	16,993	16,993
<i>Less accumulated depreciation</i>	(1,397,606)	(1,259,218)	(2,656,824)
Total capital assets	<u>1,154,408</u>	<u>5,105,183</u>	<u>6,259,591</u>
Total noncurrent assets	<u>1,154,408</u>	<u>5,105,183</u>	<u>6,259,591</u>
Total Assets	<u>2,019,261</u>	<u>5,161,630</u>	<u>7,180,891</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
<i>Deferred charges</i>	17,429	--	17,429
Total Deferred outflow of resources	<u>17,429</u>	<u>--</u>	<u>17,429</u>
<b>LIABILITIES</b>			
Current Liabilities:			
<i>Accounts payable</i>	1,783	1,839	3,622
<i>Accrued liabilities</i>	3,621	--	3,621
<i>Accrued interest payable</i>	4,664	329	4,993
<i>Customer deposits</i>	1,900	--	1,900
<i>Compensated absences payable</i>	6,187	--	6,187
<i>Bonds payable</i>	--	22,000	22,000
Total Current Liabilities	<u>18,155</u>	<u>24,168</u>	<u>42,323</u>
Long-term Liabilities:			
<i>Compensated absences payable</i>	2,062	--	2,062
<i>Revenue bonds payable</i>	--	43,827	43,827
<i>Capital lease</i>	383,000	--	383,000
<i>Liability for landfill closure</i>	153,534	--	153,534
<i>Net pension liability</i>	58,096	--	58,096
Total Long-term Liabilities	<u>596,692</u>	<u>43,827</u>	<u>640,519</u>
Total Liabilities	<u>614,847</u>	<u>67,995</u>	<u>682,842</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
<i>Unearned revenue</i>	453	12,800	13,253
Total deferred inflow of resources	<u>453</u>	<u>12,800</u>	<u>13,253</u>
<b>NET POSITION</b>			
<i>Net investment in capital assets</i>	1,537,408	5,039,355	6,576,763
<i>Unrestricted</i>	(116,018)	41,480	(74,538)
Total Net Position	<u>\$ 1,421,390</u>	<u>\$ 5,080,835</u>	<u>\$ 6,502,225</u>

**CITY OF STEPHENVILLE, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Enterprise Fund	Enterprise Fund	Total Nonmajor Enterprise Funds (See Exhibit A-8)
	Sanitary Landfill	Airport	
<b>OPERATING REVENUES:</b>			
<i>Gate charges</i>	\$ 955,391	\$ --	\$ 955,391
<i>Hanger rental</i>	--	102,671	102,671
<i>Other service charges</i>	--	4,873	4,873
<b>Total Operating Revenues</b>	<u>955,391</u>	<u>107,544</u>	<u>1,062,935</u>
<b>OPERATING EXPENSES:</b>			
<i>Personnel services</i>	176,636	--	176,636
<i>Contractual services</i>	20,261	18,473	38,734
<i>Utilities</i>	480	29,813	30,293
<i>Repairs and maintenance</i>	5,759	21,723	27,482
<i>Other</i>	34,929	7,662	42,591
<i>Depreciation and amortization</i>	152,712	126,435	279,147
<b>Total Operating Expenses</b>	<u>390,777</u>	<u>204,106</u>	<u>594,883</u>
<b>Operating Income (Loss)</b>	<u>564,614</u>	<u>(96,562)</u>	<u>468,052</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
<i>Interest revenue</i>	37	--	37
<i>Miscellaneous income</i>	9,854	14,415	24,269
<i>Interest expense</i>	(4,697)	(3,432)	(8,129)
<b>Total Non-operating Revenues (Expenses)</b>	<u>5,194</u>	<u>10,983</u>	<u>16,177</u>
<b>Net Income (Loss) before Operating Transfers</b>	<u>569,808</u>	<u>(85,579)</u>	<u>484,229</u>
<b>TRANSFERS:</b>			
<i>Capital Contributions</i>	--	--	--
<i>Transfers in</i>	--	--	--
<i>Transfers out</i>	(10,536)	--	(10,536)
<b>Net income</b>	<u>559,272</u>	<u>(85,579)</u>	<u>473,693</u>
<b>Net position, October 1</b>	905,916	5,166,414	6,072,330
<b>Prior Period Adjustment</b>	<u>(43,798)</u>	<u>--</u>	<u>(43,798)</u>
<b>Net position, September 30</b>	<u>\$ 1,421,390</u>	<u>\$ 5,080,835</u>	<u>\$ 6,502,225</u>

**CITY OF STEPHENVILLE, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Sanitary Landfill	Airport	Total Nonmajor Enterprise Funds (See Exhibit A-9)
<b>Cash Flows from Operating Activities:</b>			
<i>Cash Received from Customers</i>	\$ 961,688	\$ 136,418	\$ 1,098,106
<i>Cash Payments to Employees</i>	(176,636)	--	(176,636)
<i>Cash Payments to Suppliers for Goods and Services</i>	(60,682)	(79,707)	(140,389)
Net Cash Provided (Used) by Operating Activities	<u>724,370</u>	<u>56,711</u>	<u>781,081</u>
<b>Cash Flows from Non-capital Financing Activities:</b>			
<i>Cash Paid to Other Funds</i>	(10,536)	--	(10,536)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(10,536)</u>	<u>--</u>	<u>(10,536)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
<i>Principal and Interest Paid</i>	(102,980)	(25,269)	(128,249)
<i>Increase in landclosure liability</i>	12,629	--	12,629
<i>Proceeds of capital lease</i>	103,500	--	103,500
<i>Acquisition or Construction of Capital Assets</i>	(115,127)	(53,748)	(168,875)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(101,978)</u>	<u>(79,017)</u>	<u>(180,995)</u>
<b>Cash Flows from Investing Activities:</b>			
<i>Interest on Investments</i>	37	--	37
Net Cash Provided (Used) for Investing Activities	<u>37</u>	<u>--</u>	<u>37</u>
Net Increase (Decrease) in Cash and Cash Equivalents	611,893	(22,306)	589,587
Cash and Cash Equivalents at Beginning of Year (reclassified)	212,810	66,649	279,459
Cash and Cash Equivalents at End of Year	<u>\$ 824,703</u>	<u>\$ 44,343</u>	<u>\$ 869,046</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income (Loss)	\$ 564,614	\$ (96,562)	\$ 468,052
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
<i>Depreciation</i>	152,712	126,435	279,147
<i>Miscellaneous income</i>	9,854	14,415	24,269
Change in Assets and Liabilities:			
<i>Decrease (Increase) in Receivables</i>	(4,310)	15,099	10,789
<i>Increase (Decrease) in Accounts Payable</i>	747	(2,036)	(1,289)
<i>Increase (Decrease) in Customer Deposits</i>	300	(640)	(340)
<i>Increase (Decrease) in Unearned Revenue</i>	453	--	453
Total Adjustments	<u>159,756</u>	<u>153,273</u>	<u>313,029</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 724,370</u>	<u>\$ 56,711</u>	<u>\$ 781,081</u>
<b>Noncash Activities</b>			
<i>Purchase of equipment by lease</i>	\$ 383,000	\$ --	\$ 383,000
<i>Proceeds of capital lease</i>	<u>\$ 383,000</u>	<u>\$ --</u>	<u>\$ 383,000</u>

# STATISTICAL SECTION

This part of the City Of Stephenville, Texas's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends	76
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	84
<i>These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.</i>	
Debt Capacity	90
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	95
<i>These schedules offer demographic and economic indicators to help the reader understand how the City's financial activities take place and to help make comparisons over time and with other governments.</i>	
Operating Information	97
<i>These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF STEPHENVILLE, TEXAS**

*NET POSITION BY COMPONENT*

*LAST TEN FISCAL YEARS*

*(ACCRUAL BASIS OF ACCOUNTING)*

*(UNAUDITED)*

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Governmental Activities</b>					
Net Investment in					
Capital assets	\$ 9,734,777	10,157,475	\$ 10,513,386	\$ 18,471,335	\$ 16,763,870
Restricted	381,849	366,934	397,365	434,394	405,640
Unrestricted	<u>10,237,660</u>	<u>11,232,319</u>	<u>12,162,240</u>	<u>5,252,462</u>	<u>7,952,264</u>
<b>Total Governmental</b>					
<b>Activities Net Position</b>	<u>\$ 20,354,286</u>	<u>21,756,728</u>	<u>\$ 23,072,991</u>	<u>\$ 24,158,191</u>	<u>\$ 25,121,774</u>
<b>Business-type Activities</b>					
Net Investment in					
Capital assets	\$ 17,432,394	16,564,217	\$ 21,231,388	\$ 23,495,495	\$ 25,323,978
Restricted	599,910	665,099	554,647	710,870	690,998
Unrestricted	<u>6,516,830</u>	<u>9,087,784</u>	<u>7,178,489</u>	<u>5,974,684</u>	<u>4,566,114</u>
<b>Total Business-type</b>					
<b>Activities Net Position</b>	<u>\$ 24,549,134</u>	<u>26,317,100</u>	<u>\$ 28,964,524</u>	<u>\$ 30,181,049</u>	<u>\$ 30,581,090</u>
<b>Primary Government</b>					
Net Investment in					
Capital assets	\$ 27,167,171	26,721,692	\$ 31,744,774	\$ 41,966,830	\$ 42,087,848
Restricted	981,759	1,032,033	952,012	1,145,264	1,096,638
Unrestricted	<u>16,754,490</u>	<u>20,320,103</u>	<u>19,340,729</u>	<u>11,227,146</u>	<u>12,518,378</u>
<b>Total Primary</b>					
<b>Government Net Position</b>	<u>\$ 44,903,420</u>	<u>48,073,828</u>	<u>\$ 52,037,515</u>	<u>\$ 54,339,240</u>	<u>\$ 55,702,864</u>

Note: Fiscal years ended 2012 and 2013 restated for the effect of GASB 65.

TABLE D-1

	2011	2012	2013	2014	2015
\$	16,605,859	\$ 17,500,689	\$ 17,032,179	\$ 18,024,389	\$ 18,038,284
	420,877	450,527	870,780	523,019	427,493
	<u>8,156,696</u>	<u>7,680,873</u>	<u>8,355,906</u>	<u>9,150,340</u>	<u>8,142,434</u>
\$	<u>25,183,432</u>	<u>25,632,089</u>	<u>26,258,865</u>	<u>27,697,748</u>	<u>26,608,211</u>
\$	26,538,623	\$ 28,438,665	\$ 30,080,475	\$ 32,099,918	\$ 33,151,854
	714,547	842,224	2,706,411	1,023,271	1,019,719
	<u>5,548,656</u>	<u>5,243,744</u>	<u>2,965,331</u>	<u>4,112,342</u>	<u>4,382,362</u>
\$	<u>32,801,826</u>	<u>34,524,633</u>	<u>35,752,217</u>	<u>37,235,531</u>	<u>38,553,935</u>
\$	43,144,482	\$ 45,939,354	\$ 47,112,654	\$ 50,124,307	\$ 51,190,138
	1,135,424	1,292,751	3,577,191	1,546,290	1,447,212
	<u>13,705,352</u>	<u>12,924,617</u>	<u>11,321,237</u>	<u>13,262,682</u>	<u>12,524,796</u>
\$	<u>57,985,258</u>	<u>60,156,722</u>	<u>62,011,082</u>	<u>64,933,279</u>	<u>65,162,146</u>

# CITY OF STEPHENVILLE, TEXAS

## EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(UNAUDITED)

	2006	2007	2008	2009	2010
<b>Expenses</b>					
Governmental Activities:					
General Government	\$ 1,441,939	\$ 1,591,258	\$ 1,331,583	\$ 1,309,902	\$ 1,412,441
Public Safety	4,689,443	5,187,628	5,504,975	6,043,653	6,252,861
Streets	1,098,979	1,144,681	1,183,435	1,210,135	1,426,590
Culture and recreation	1,646,017	1,733,627	2,166,545	2,340,312	2,438,756
Community development	343,135	381,091	395,182	408,144	427,769
Interest on Long-Term Debt	91,817	65,926	103,490	72,220	141,220
Total Governmental Activities Expenses	\$ 9,311,330	\$ 10,104,211	\$ 10,685,210	\$ 11,384,366	\$ 12,099,637
Business-type Activities					
Water and Wastewater	4,681,174	4,776,359	4,526,893	4,819,886	5,054,152
Sanitary landfill	119,832	272,010	290,349	527,255	294,407
Airport	18,075	130,169	127,018	170,287	158,085
Storm Water Drainage	232,955	141,516	245,371	346,159	580,590
Total Business-type Activities Expenses	5,052,036	5,320,054	5,189,631	5,863,587	6,087,234
Total Primary Government Expenses	\$ 14,363,366	\$ 15,424,265	\$ 15,874,841	\$ 17,247,953	\$ 18,186,871
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services:					
General Government	\$ 177,636	\$ 243,929	\$ 219,353	\$ 231,122	\$ 215,757
Public Safety	600,332	687,567	906,131	677,662	834,180
Streets	17,444	27,425	24,046	21,472	24,713
Culture and recreation	132,125	171,931	145,225	221,589	317,917
Community development	180,304	160,745	272,729	126,186	177,401
Operating Grants and Contributions	172,884	115,859	57,969	109,861	43,417
Capital Grants and Contributions	177,503	115,556	148	740,974	1,602,301
Total Governmental Activities Program Revenues	\$ 1,458,228	\$ 1,523,012	\$ 1,625,601	\$ 2,128,866	\$ 3,215,686
Business-type Activities:					
Charges for Services:					
Water and Wastewater	\$ 5,628,658	\$ 5,092,578	\$ 5,469,932	\$ 5,492,233	\$ 5,396,349
Sanitary landfill	162,306	170,814	275,915	414,503	175,153
Airport	51,037	61,916	68,186	73,180	72,408
Storm Water Drainage	485,314	500,779	577,766	584,439	588,141
Operating Grants and Contributions	--	--	--	20,062	17,808
Capital Grants and Contributions	599,393	169,370	870,718	249,253	402,702
Total Business-type Activities Program Revenues	6,926,708	5,995,457	7,262,517	6,833,670	6,652,561
Total Primary Government Program Revenues	\$ 8,384,936	\$ 7,518,469	\$ 8,888,118	\$ 8,962,536	\$ 9,868,247
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (7,853,102)	\$ (8,581,199)	\$ (9,059,609)	\$ (9,255,500)	\$ (8,883,951)
Business-type Activities	1,874,672	675,403	2,072,886	970,083	565,327
Total Primary Government Net Expense	\$ (5,978,430)	\$ (7,905,796)	\$ (6,986,723)	\$ (8,285,417)	\$ (8,318,624)

Fiscal years ended 2012 and 2013 restated for the effect of GASB 65.

TABLE D-2

	2011	2012	2013	2014	2015
\$	1,374,221	\$ 1,518,207	\$ 2,076,100	\$ 2,353,191	\$ 1,922,897
	6,274,700	6,496,290	6,786,524	6,948,549	7,879,067
	1,479,381	1,567,117	1,432,818	1,274,173	1,462,172
	2,522,284	2,509,599	2,157,175	2,037,539	1,705,654
	374,335	433,360	521,710	444,401	471,855
	97,809	151,197	128,398	108,289	77,063
\$	<u>12,122,730</u>	<u>12,675,770</u>	<u>13,102,725</u>	<u>13,166,142</u>	<u>13,518,708</u>
	4,846,996	4,833,953	5,018,940	5,237,160	5,326,721
	313,982	313,978	282,952	305,179	395,474
	160,803	181,904	183,145	193,368	207,538
	600,859	562,207	535,056	528,208	558,501
	5,922,640	5,892,042	6,020,093	6,263,915	6,488,234
\$	<u>18,045,370</u>	<u>18,567,812</u>	<u>19,122,818</u>	<u>19,430,057</u>	<u>20,006,942</u>
\$	216,870	\$ 219,082	\$ 217,686	\$ 205,782	\$ 22,648
	893,207	1,077,514	959,364	1,073,838	989,630
	24,419	95,954	30,443	28,170	42,749
	338,662	363,650	346,442	288,540	321,565
	249,501	193,592	413,762	265,863	217,805
	40,015	29,142	53,796	63,038	147,200
	258,933	159,402	--	188,262	3,654
\$	<u>2,021,607</u>	<u>2,138,336</u>	<u>2,021,493</u>	<u>2,113,493</u>	<u>1,745,251</u>
\$	6,147,606	\$ 6,055,936	\$ 6,443,152	\$ 6,708,108	\$ 6,485,177
	277,985	200,546	297,650	457,086	955,391
	76,015	93,493	110,200	104,440	107,544
	591,326	604,231	620,595	618,993	611,827
	5,184	7,868	--	--	--
	528,471	813,212	27,652	109,614	175,651
	7,626,587	7,775,286	7,499,249	7,998,241	8,335,590
\$	<u>9,648,194</u>	<u>9,913,622</u>	<u>9,520,742</u>	<u>10,111,734</u>	<u>10,080,841</u>
\$	(10,101,123)	(10,537,434)	(11,081,232)	(11,052,649)	(11,773,457)
	1,703,947	1,883,244	1,479,156	1,734,326	1,847,356
\$	<u>(8,397,176)</u>	<u>(8,654,190)</u>	<u>(9,602,076)</u>	<u>(9,318,323)</u>	<u>(9,926,101)</u>

# CITY OF STEPHENVILLE, TEXAS

## GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(UNAUDITED)

	2006	2007	2008	2009	2010
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (7,853,102)	\$ (8,581,199)	\$ (9,059,609)	\$ (9,255,500)	\$ (8,883,951)
Business-type Activities	1,874,672	675,403	2,072,886	970,083	565,327
Total Primary Government Net Expense	\$ (5,978,430)	\$ (7,905,796)	\$ (6,986,723)	\$ (8,285,417)	\$ (8,318,624)
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities:					
Taxes					
Property Taxes - General Purposes	\$ 2,657,106	\$ 2,913,521	\$ 3,131,702	\$ 3,382,272	\$ 3,371,138
Property Taxes - Debt Service	437,146	476,117	527,921	536,671	608,404
Sales Taxes	4,101,973	4,351,269	4,745,309	4,622,690	4,275,545
Franchise Taxes	1,423,615	1,370,838	1,169,858	1,186,650	1,018,036
Other Taxes	312,528	388,013	434,498	372,815	341,456
Gain on Sale of Capital Assets	--	--	--	--	323,641
Investment Earnings	441,986	623,810	454,269	108,218	32,294
Insurance Proceeds	--	--	--	--	--
Miscellaneous	34,663	75,994	17,186	124,613	14,190
Transfers	(116,979)	(215,921)	(107,871)	6,771	(112,834)
Total Governmental Activities	\$ 9,292,038	\$ 9,983,641	\$ 10,372,872	\$ 10,340,700	\$ 9,871,870
Business-type Activities:					
Investment Earnings	518,164	876,642	469,667	68,079	6,714
Gain on Sale of Capital Assets	--	--	--	--	--
Miscellaneous	32,037	--	--	7,888	--
Transfers	116,979	215,921	104,871	(6,771)	112,834
Total Business-type Activities	667,180	1,092,563	574,538	69,196	119,548
Total Primary Government	\$ 9,959,218	\$ 11,076,204	\$ 10,947,410	\$ 10,409,896	\$ 9,991,418
<b>Change in Net Position</b>					
Governmental Activities	\$ 1,438,936	\$ 1,402,442	\$ 1,313,263	\$ 1,085,200	\$ 987,919
Business-type Activities	2,541,852	1,767,966	2,647,424	1,039,279	684,875
Total Primary Government	\$ 3,980,788	\$ 3,170,408	\$ 3,960,687	\$ 2,124,479	\$ 1,672,794

Fiscal years ended 2012 and 2013 restated for the effect of GASB 65.

TABLE D-3

	2011	2012	2013	2014	2015
\$	(10,101,123)\$	(10,537,434)\$	(11,081,232)\$	(11,052,649)\$	(11,773,457)
	1,703,947	1,883,244	1,479,156	1,734,326	1,847,356
\$	<u>(8,397,176)\$</u>	<u>(8,654,190)\$</u>	<u>(9,602,076)\$</u>	<u>(9,318,323)\$</u>	<u>(9,926,101)</u>
\$	3,595,948 \$	3,787,828 \$	4,049,755 \$	4,321,370 \$	4,386,134
	526,519	593,543	589,867	595,444	576,847
	4,616,312	5,191,213	5,281,663	5,485,705	5,718,579
	1,120,678	1,122,934	1,097,564	1,166,503	1,525,602
	363,645	393,461	374,806	450,456	502,017
	12,159	--	10,056	110,122	--
	13,517	14,651	11,546	6,157	5,990
	--	--	--	--	63,740
	26,870	18,320	35,902	100,731	164,842
	(137,203)	21,161	256,849	255,044	208,824
\$	<u>10,138,445 \$</u>	<u>11,143,111 \$</u>	<u>11,708,008 \$</u>	<u>12,491,532 \$</u>	<u>13,152,575</u>
	5,151	7,716	6,780	4,032	4,891
	--	--	--	--	17,106
	--	--	(1,504)	--	33,292
	137,203	(21,161)	(256,849)	(255,044)	(208,824)
	<u>142,354</u>	<u>(13,445)</u>	<u>(251,573)</u>	<u>(251,012)</u>	<u>(153,535)</u>
\$	<u>10,280,799 \$</u>	<u>11,129,666 \$</u>	<u>11,456,435 \$</u>	<u>12,240,520 \$</u>	<u>12,999,040</u>
\$	37,322 \$	605,677 \$	626,776 \$	1,438,883 \$	1,379,118
	1,846,301	1,869,799	1,227,583	1,483,314	1,693,821
\$	<u>1,883,623 \$</u>	<u>2,475,476 \$</u>	<u>1,854,359 \$</u>	<u>2,922,197 \$</u>	<u>3,072,939</u>

**CITY OF STEPHENVILLE, TEXAS**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Fund</b>										
Reserved	\$ 10,352	\$ 15,224	\$ 8,653	\$ 12,680	\$ 9,148	\$ --	\$ --	\$ --	\$ --	\$ --
Unreserved	9,045,429	10,039,416	9,555,553	7,358,831	7,196,152	--	--	--	--	--
Nonspendable	--	--	--	--	--	18,836	17,399	19,417	10,995	7,016
Assigned	--	--	--	--	--	3,750,000	1,989,442	2,400,000	3,000,000	3,000,000
Unassigned	--	--	--	--	--	3,779,268	5,113,489	5,246,245	5,868,872	6,786,574
<b>Total General Fund</b>	<b>\$ 9,055,781</b>	<b>\$ 10,054,640</b>	<b>\$ 9,564,206</b>	<b>\$ 7,371,511</b>	<b>\$ 7,205,300</b>	<b>\$ 7,548,104</b>	<b>\$ 7,120,330</b>	<b>\$ 7,665,662</b>	<b>\$ 8,879,867</b>	<b>\$ 9,793,590</b>
<b>All Other Governmental Funds</b>										
Reserved										
Debt Service Funds	\$ 69,443	\$ 82,233	\$ 89,253	\$ 96,071	\$ 93,267	\$ --	\$ --	\$ --	\$ --	\$ --
Unreserved, Reported In:										
Special Revenue Funds	318,028	280,798	350,750	332,799	337,679	--	--	--	--	--
Capital Projects Funds	1,051,972	1,069,303	2,429,680	1,676,876	1,155,196	--	--	--	--	--
Restricted	--	--	--	--	--	424,194	4,206,447	1,201,698	824,262	702,559
Assigned	--	--	--	--	--	486,235	529,093	416,371	416,371	416,727
<b>Total All Other Governmental Funds</b>	<b>\$ 1,439,443</b>	<b>\$ 1,432,334</b>	<b>\$ 2,869,683</b>	<b>\$ 2,105,746</b>	<b>\$ 1,586,142</b>	<b>\$ 910,429</b>	<b>\$ 4,735,540</b>	<b>\$ 1,618,069</b>	<b>\$ 1,240,633</b>	<b>\$ 1,119,286</b>

Note:  
 The City implemented GASB Statement 54 in fiscal year 2011. Prior year balances have not been restated to conform to GASB Statement 54.

**CITY OF STEPHENVILLE, TEXAS**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 8,942,235	\$ 9,506,528	\$ 10,004,265	\$ 10,104,779	\$ 9,570,777	\$ 10,251,019	\$ 11,062,514	\$ 11,394,371	\$ 12,014,282	\$ 12,733,241
Charges for Services	640,935	738,526	839,684	948,049	1,178,800	1,076,971	1,291,337	1,198,408	1,131,850	1,111,193
Fines and Forfeitures	279,716	353,889	361,027	226,083	229,357	295,075	318,899	361,236	294,084	258,384
Licenses, Fees and Permits	183,839	164,071	275,887	131,341	138,675	255,269	182,517	398,093	261,126	227,979
Intergovernmental	188,096	111,889	87,730	124,581	1,366,544	147,510	233,670	65,465	127,751	200,634
Investment Earnings	441,986	623,810	454,269	108,218	32,294	13,517	14,651	11,546	6,157	5,990
Miscellaneous	60,110	119,731	19,734	35,189	19,269	37,977	18,189	75,550	103,839	167,941
Special Assessments	28,122	--	--	--	--	--	--	--	--	--
<b>Total Revenues</b>	<b>10,765,039</b>	<b>11,618,444</b>	<b>12,042,596</b>	<b>11,678,240</b>	<b>12,535,716</b>	<b>12,077,338</b>	<b>13,121,777</b>	<b>13,504,669</b>	<b>13,939,089</b>	<b>14,705,362</b>
<b>Expenditures</b>										
General Government	1,349,248	1,491,202	1,293,925	1,355,822	1,359,012	1,319,243	1,504,855	1,997,675	2,289,098	1,922,184
Public Safety	4,562,217	4,955,771	5,459,268	5,827,418	6,048,150	6,084,813	6,210,892	6,410,938	6,725,152	7,668,000
Streets	699,290	735,614	824,764	845,429	850,428	937,367	968,236	920,417	780,006	968,092
Culture and Recreation	1,466,261	1,518,938	1,931,846	2,006,999	2,072,331	2,189,768	2,268,386	1,859,640	1,795,809	1,853,439
Community Development	337,659	375,614	394,833	407,208	420,982	367,228	414,769	514,474	419,054	456,196
Capital Outlay	952,446	807,528	1,902,168	5,265,493	2,099,912	889,326	1,793,507	4,076,340	985,179	859,897
Debt Service										
Principal	430,000	455,000	475,000	425,000	460,000	420,000	440,000	455,000	465,000	505,000
Interest	91,817	71,105	49,195	99,652	144,279	98,117	139,305	126,693	120,261	77,845
Bond Issuance Cost	--	--	12,725	25,000	--	--	45,000	5,312	11,027	--
Advance Refunding Escrow	--	--	--	--	--	--	--	382,370	1,323,441	--
<b>Total Expenditures</b>	<b>9,888,938</b>	<b>10,410,772</b>	<b>12,343,724</b>	<b>16,258,021</b>	<b>13,455,094</b>	<b>12,305,862</b>	<b>13,784,950</b>	<b>16,748,859</b>	<b>14,914,027</b>	<b>14,310,653</b>
Excess of Revenues										
Over (Under) Expenditures	876,101	1,207,672	(301,128)	(4,579,781)	(919,378)	(228,524)	(663,173)	(3,244,190)	(974,938)	394,709
<b>Other Financing Sources (Uses)</b>										
Bonds Issued	--	--	1,325,000	1,500,000	--	--	4,000,000	370,000	1,336,841	--
Premium on Bonds	--	--	--	--	--	--	--	22,904	--	--
Discount on Bonds	--	--	--	--	--	--	--	(2,651)	--	--
Capital Leases	--	--	--	--	--	--	--	--	--	113,938
Sale of Genera; Capital Assets	--	--	27,914	21,881	338,054	27,316	27,851	24,950	219,822	11,165
Insurance proceeds	--	--	--	94,497	8,343	5,502	11,498	--	--	63,740
Transfers In	94,500	55,000	207,629	2,461,037	204,320	292,052	741,161	506,849	1,196,840	208,824
Transfers Out	(211,479)	(270,921)	(312,500)	(2,454,266)	(317,154)	(429,255)	(720,000)	(250,000)	(941,796)	--
<b>Total Other Financing Sources (Uses)</b>	<b>(116,979)</b>	<b>(215,921)</b>	<b>1,248,043</b>	<b>1,623,149</b>	<b>233,563</b>	<b>(104,385)</b>	<b>4,060,510</b>	<b>672,052</b>	<b>1,811,707</b>	<b>397,667</b>
<b>Net Change in Fund Balances</b>	<b>\$ 759,122</b>	<b>\$ 991,751</b>	<b>\$ 946,915</b>	<b>\$(2,956,632)</b>	<b>\$(685,815)</b>	<b>\$(332,909)</b>	<b>\$ 3,397,337</b>	<b>\$(2,572,138)</b>	<b>\$ 836,769</b>	<b>\$ 792,376</b>
<b>Debt Service As A Percentage Of Noncapital Expenditures</b>	<b>6.2%</b>	<b>5.8%</b>	<b>5.3%</b>	<b>5.0%</b>	<b>5.6%</b>	<b>4.8%</b>	<b>5.0%</b>	<b>5.1%</b>	<b>13.7%</b>	<b>4.4%</b>

**TABLE D-6**

**CITY OF STEPHENVILLE, TEXAS**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
2006	\$ 387,312,400	\$ 403,019,380	\$ 113,971,870	\$ 260,321,554	\$ 643,982,096	\$ 0.4750	\$ 657,124,588	98.000%
2007	436,191,340	446,012,320	124,665,270	287,207,489	719,661,441	0.4650	734,348,409	98.000%
2008	473,515,020	493,287,390	139,045,430	287,501,749	818,346,091	0.4450	835,047,032	98.000%
2009	530,504,500	521,967,390	134,864,860	296,981,931	890,354,819	0.4350	908,525,326	98.000%
2010	541,059,730	514,106,150	145,588,370	305,171,070	895,583,180	0.4435	913,860,388	98.000%
2011	546,372,660	514,213,740	127,553,350	302,938,397	885,201,353	0.4600	903,266,687	98.000%
2012	555,032,740	511,780,800	148,096,980	317,517,724	897,392,796	0.4850	915,706,935	98.000%
2013	561,570,020	546,842,640	225,183,450	384,611,442	948,984,668	0.4850	968,351,702	98.000%
2014	567,670,640	562,727,447	297,556,973	441,606,152	986,348,908	0.4950	1,006,478,478	98.000%
2015	598,375,460	750,961,010	245,239,590	590,694,529	1,003,881,531	0.4900	1,024,368,909	98.000%

Source: Erath County Appraisal District.

Note: Property in Erath County is reassessed once every three years on average. The County assesses property at approximately 95 percent of actual value for commercial, industrial and residential property. Estimated actual taxable value is calculated by dividing taxable assessed value by those percentages. Tax rates are per \$100 of assessed value.

**TABLE D-7**

**CITY OF STEPHENVILLE, TEXAS**  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

Fiscal Year	City Direct Rates			Overlapping Rates			Total Direct and Overlapping Rates
	Basic Rate	General Obligation Debt Service	Total Direct Rate	Stephenville School District	Middle Trinity Water District	Erath County	
2006	\$ 0.4079	\$ 0.0671	\$ 0.4750	\$ 1.6600	\$ 0.0150	\$ 0.4410	\$ 2.5910
2007	0.3996	0.0654	0.4650	1.5199	0.0150	0.4352	2.4351
2008	0.3811	0.0639	0.4450	1.1920	0.0150	0.4187	2.0707
2009	0.3762	0.0588	0.4350	1.1470	0.0150	0.3915	1.9885
2010	0.3762	0.0673	0.4435	1.1470	0.0150	0.3900	1.9955
2011	0.4015	0.0585	0.4600	1.1470	0.0150	0.4500	2.0720
2012	0.4194	0.0656	0.4850	1.1700	0.0150	0.4700	2.1400
2013	0.4235	0.0615	0.4850	1.1940	0.0145	0.4700	2.1635
2014	0.4357	0.0593	0.4950	1.2170	0.0145	0.4700	2.1965
2015	0.4330	0.0570	0.4900	1.2349	0.0125	0.4700	2.2074

Source: Erath County Appraisal District.

Notes: The City's basic property tax rate may be increased only by a majority vote of the City council. Rates for debt service are set based on each year's requirements.

Overlapping rates are those of local and county governments that apply to property owners within the City of Stephenville, Texas.

**CITY OF STEPHENVILLE, TEXAS**

PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
FMC Company	\$ 60,362,879	1	6.01%	\$ 20,239,816	1	2.81%
Oncor Electric Delivery	15,477,872	2	1.54%	8,427,920	3	1.17%
Bosque River Associates	11,057,310	3	1.10%	7,752,330	5	1.08%
Stephenville Campus Crest	9,460,960	4	0.94%	--	--	--
Wal-Mart Stores, Inc. #1	8,354,950	5	0.83%	7,673,710	4	1.07%
Bruner Motors	8,221,950	6	0.82%	--	--	--
Saint Gobain Abrasives #1	8,213,027	7	0.82%	10,523,898	2	1.46%
TSU Partners Ltd.	7,913,100	8	0.79%	--	--	--
MIMG LXI Oak Tree Sub LLC	6,435,890	9	0.64%	--	--	--
Tejas Tubuler, Inc	6,412,150	10	0.64%	--	--	--
STAM Ltd.	--	--	--	7,239,420	6	1.01%
Saint Gobain Abrasives #2	--	--	--	6,789,370	7	0.94%
United Telephone Company	--	--	--	6,646,910	8	0.92%
Wilmington Trust	--	--	--	6,249,360	9	0.87%
Rayloc Genaut	--	--	--	4,654,381	10	0.65%
Subtotal	141,910,088		14.14%	86,197,115		11.98%
Remaining Roll	861,971,443		85.86%	633,464,326		88.02%
Total	<u>\$ 1,003,881,531</u>		<u>100.00%</u>	<u>\$ 719,661,441</u>		<u>100.00%</u>

Source: Erath County Appraisal District.

TABLE D-9

**CITY OF STEPHENVILLE, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date		Outstanding As of 9/30/15
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2006	\$ 3,066,225	3,018,008	98.43%	\$ 47,027	\$ 3,065,035	99.96%	\$ 1,190
2007	3,344,539	3,307,083	98.88%	34,982	3,342,065	99.93%	2,474
2008	3,641,808	3,602,598	98.92%	36,017	3,638,615	99.91%	3,193
2009	3,874,843	3,822,492	98.65%	48,770	3,871,262	99.91%	3,581
2010	3,965,938	3,887,038	98.01%	72,599	3,959,637	99.84%	6,301
2011	--	4,007,449	98.71%	47,510	4,054,959	99.88%	4,696
2012	--	4,343,596	99.05%	36,285	4,338,798	99.89%	4,798
2013	4,594,127	4,554,491	99.14%	33,358	4,587,849	99.86%	6,278
2014	4,868,772	4,820,901	99.02%	32,011	4,852,912	99.67%	15,860
2015	4,914,157	4,889,253	99.49%	--	4,889,253	99.49%	24,904

Sources: Erath County Appraisal District and Erath County Tax Assessor-Collector.

**CITY OF STEPHENVILLE, TEXAS**  
**TAXABLE SALES BY CATEGORY**  
**LAST TEN CALENDAR YEARS**  
**(UNAUDITED)**

	Calendar Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Services	\$ 49,320,823	\$ 71,858,401	\$ 76,028,119	\$ 49,193,540	\$ 86,982,895	\$ 82,499,237	\$ 80,715,109	\$ 80,104,182	\$ 82,376,390	\$ 114,394,482
Miscellaneous retail	80,531,798	49,403,150	48,667,125	44,489,869	48,279,279	50,223,257	57,031,030	51,246,891	52,221,686	54,975,621
Eating & drinking places	32,262,706	40,364,318	42,334,617	42,711,764	48,849,862	45,659,353	48,634,297	51,945,376	55,015,006	60,296,991
Home furnishings	12,512,541	11,731,913	14,290,218	16,871,237	13,568,590	13,494,549	13,893,238	7,144,077	7,209,200	7,246,403
Apparel stores	10,320,484	8,377,240	8,953,809	10,484,097	9,075,222	8,174,834	8,341,058	8,639,294	8,799,575	10,578,892
Automotive stores	98,285,906	92,176,886	96,669,383	81,500,893	66,976,599	83,707,882	92,836,643	115,540,159	113,933,329	123,712,193
Food stores	50,220,262	79,872,788	86,582,692	95,208,346	87,040,250	49,273,894	57,733,375	56,734,012	57,179,417	59,377,144
General merchandise	99,866,700	104,523,324	109,784,929	111,619,423	112,954,176	114,441,489	121,061,076	120,479,906	120,780,721	123,134,874
Building & garden supplies	11,459,257	27,989,048	27,463,226	34,620,369	25,243,662	27,131,515	28,142,214	27,030,238	28,455,504	31,727,307
Wholesale trade	68,280,278	67,301,228	73,871,807	60,058,266	45,407,615	53,330,189	54,781,219	53,509,172	47,091,948	45,902,673
Transportation utilities	17,150,687	--	--	--	--	--	--	--	--	--
Manufacturing	80,935,615	109,201,262	32,715,340	44,918,121	27,630,740	24,080,368	20,743,984	23,103,447	27,220,571	51,074,808
Construction	14,952,354	17,075,913	18,986,754	23,019,467	22,107,859	26,360,348	24,673,453	20,487,172	23,399,150	29,565,160
Other	11,021,143	16,234,607	17,719,701	19,568,861	17,355,540	18,688,413	20,498,610	24,770,674	31,521,635	29,361,821
Agriculture	7,129,038	216,971	201,722	445,684	497,983	192,638	310,294	227,301	346,309	157,377
<b>Total</b>	<b>\$ 644,249,592</b>	<b>\$ 696,327,049</b>	<b>\$ 654,269,442</b>	<b>\$ 634,709,937</b>	<b>\$ 611,970,272</b>	<b>\$ 597,257,966</b>	<b>\$ 629,395,600</b>	<b>\$ 640,961,901</b>	<b>\$ 655,550,441</b>	<b>\$ 741,505,746</b>
Direct Sales Tax Rate	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%

Source: Office of the Comptroller of the State of Texas.

Note: Retail sales information is not available on a fiscal-year basis.

**CITY OF STEPHENVILLE, TEXAS**  
*DIRECT AND OVERLAPPING SALES TAX RATES*  
*LAST TEN FISCAL YEARS*  
*(UNAUDITED)*

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Sales Tax for Property Tax Relief</u>
2006	1.00%	0.50%
2007	1.00%	0.50%
2008	1.00%	0.50%
2009	1.00%	0.50%
2010	1.00%	0.50%
2011	1.00%	0.50%
2012	1.00%	0.50%
2013	1.00%	0.50%
2014	1.00%	0.50%
2015	1.00%	0.50%

Source: Office of the Comptroller of the State of Texas.

**CITY OF STEPHENVILLE, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Governmental Activities					Business-type Activities		
Fiscal Year	General Obligation Bonds	Certificates of Participation	Unamortized Premiums (Discounts)	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
2006	\$ 645,000	\$ 950,000	\$ --	\$ --	\$ 21,659,417	5.03%	\$ 1,283
2007	330,000	810,000	--	--	24,230,054	5.02%	1,421
2008	1,325,000	665,000	--	--	27,716,492	5.56%	1,607
2009	2,550,000	515,000	--	--	27,606,589	N/A	1,538
2010	2,255,000	350,000	--	--	25,399,605	N/A	1,483
2011	2,185,000	--	--	--	23,140,986	N/A	1,324
2012	5,745,000	--	--	--	24,872,526	N/A	1,360
2013	5,300,000	--	19,746	--	22,611,701	N/A	1,157
2014	4,840,000	--	21,186	--	21,318,317	N/A	1,099
2015	4,335,000	--	20,041	113,938	22,087,604	N/A	1,129

See Table 17 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**CITY OF STEPHENVILLE, TEXAS**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Certificates of Obligation	Total		
2006	\$ 645,000	\$ 950,000	\$ 1,595,000	0.25%	\$ 94
2007	330,000	810,000	1,140,000	0.16%	67
2008	1,325,000	665,000	1,990,000	0.24%	115
2009	2,550,000	515,000	3,065,000	0.34%	171
2010	2,255,000	350,000	2,605,000	0.29%	152
2011	2,185,000	--	2,185,000	0.25%	125
2012	5,745,000	--	5,745,000	0.64%	314
2013	5,300,000	--	5,300,000	0.56%	274
2014	4,840,000	--	4,840,000	0.49%	249
2015	4,335,000	--	4,335,000	0.43%	222

**Notes:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See Table D-6 for property value data.

Population data can be found in Table D-17.

**CITY OF STEPHENVILLE, TEXAS**  
 DIRECT AND OVERLAPPING  
 GOVERNMENTAL ACTIVITIES DEBT  
 (UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt Repaid With Property Taxes			
Stephenville Independent School District	\$ 27,340,000	69.87%	\$ 19,102,458
Erath County	4,665,000	39.47%	<u>1,841,276</u>
Subtotal, Overlapping Debt			20,943,734
City Direct Debt	4,335,000	100.00%	<u>4,335,000</u>
Total Direct and Overlapping Debt			<u>\$ 25,278,734</u>

Sources:  
 Assessed value data used to estimate applicable percentages provided by the Erath County Appraisal District and debt outstanding data provided by each governmental unit.

Notes:  
 Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Stephenville. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident--and therefore responsible for repaying the debt--of each overlapping government.

**CITY OF STEPHENVILLE, TEXAS**  
*LEGAL DEBT MARGIN INFORMATION*  
*LAST TEN FISCAL YEARS*  
*(UNAUDITED)*

As a home rule city, the City of Stephenville is not limited by law in the amount of debt it may issue.

Under Article XI, Section 5 of the Texas Constitution, no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property of the City.

All taxable property within the City is subject to assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal and interest on the bonds within the limits prescribed by law. Under rules promulgated by the Office of the Attorney General of Texas, such office will not approve tax bonds of the City unless the City can demonstrate its ability to pay debt service requirements on all outstanding City tax bonds, including the issue to be approved.

**Tax Rate Limitation Calculation for Fiscal Year 2015**

Taxable assessed valuation.....	\$1,003,881,531
Constitutional tax rate limit.....	2.50% of assessed valuation
Maximum constitutional revenue available.....	\$25,097,038
Tax rate to achieve maximum tax revenue.....	\$2.50 per \$100 of valuation
Tax rate for FY 2014-2015.....	\$0.4900 per \$100 of valuation
Available unused constitutional max tax rate	\$2.01 per \$100 of valuation
Debt applicable to limit:	
General obligation debt .....	\$4,335,000

**DEBT TAX RATE ADEQUACY**

2015 Principal and Interest Requirements	\$481,463
\$0.04981 Tax Rate at 98% Collection Produces	481,474
Average Annual Principal and Interest Requirement, 2015-2031 .....	306,611
\$0.03172 Tax Rate at 98% Collection Produces .....	306,612
Maximum Principal and Interest Requirements.....	481,463
\$0.04981 Tax Rate at 98% Collection Produces.....	481,474

**DEBT SERVICE FUND BUDGET PROJECTION**

Tax Obligation Debt Service Requirements, Fiscal Year Ending 9-30-2015	481,463
Debt Service Fund, 9-30-15.....	\$143,058
Debt Service Fund Tax Levy @ 98% Collection .....	481,474
	<u>\$624,532</u>

**CITY OF STEPHENVILLE, TEXAS**  
**PLEDGED-REVENUE COVERAGE**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year	Water Revenue Bonds						
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2006	\$ 5,628,658	\$ 2,931,743	\$ 2,696,915	\$ 1,355,000	\$ 752,077	\$ 1.28	
2007	5,092,578	2,946,356	2,146,222	1,220,000	819,564	1.05	
2008	5,469,932	2,851,562	2,618,370	1,290,000	650,238	1.35	
2009	5,492,233	3,060,691	2,431,542	1,340,000	652,120	1.22	
2010	5,396,349	3,283,861	2,112,488	1,390,000	600,240	1.06	
2011	6,147,606	3,106,016	3,041,590	1,435,000	543,289	1.54	
2012	6,055,936	3,106,535	2,949,401	1,490,000	487,963	1.54	
2013	6,443,151	3,282,484	3,160,667	1,555,000	407,502	1.61	
2014	6,700,902	3,491,792	3,209,110	1,600,000	364,559	1.63	
2015	6,485,177	3,631,614	2,853,563	1,715,000	218,597	1.48	

Notes: Operating expenses do not include interest, depreciation, or amortization expense.

**CITY OF STEPHENVILLE, TEXAS**  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN CALENDAR YEARS  
 (UNAUDITED)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Population	16,882	17,050	17,250	17,950	17,123	17,480	18,290	19,320	19,410	19,560
Personal Income (000's)	\$ 430,930	\$ 483,044	\$ 498,232	\$ 535,449	\$ 511,550	\$ 551,179	\$ 571,873	N/A	\$ N/A	\$ N/A
Per Capita Personal Income	\$ 25,526	\$ 28,331	\$ 28,883	\$ 29,830	\$ 29,875	\$ 31,532	\$ 31,267	N/A	\$ N/A	\$ N/A
School Enrollment	3,550	3,521	3,496	3,553	3,794	3,584	3,702	3,731	3,656	3,702
College Enrollment	7,776	7,840	7,763	8,242	8,896	9,575	10,227	10,903	11,681	12,396
Unemployment	3.9%	3.8%	4.0%	7.1%	7.0%	6.5%	5.2%	5.5%	4.7%	3.8%

## Sources:

Population, median age, and education level information provided by the State Department of Planning.  
 Personal income and unemployment data provided by the State Department of Commerce and Labor. School enrollment data provided by the Stephenville Independent School District and Tarleton State University.

## Note:

Population, median age, and education level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

Personal income is not available for 2013 - 2015.

**CITY OF STEPHENVILLE, TEXAS****PRINCIPAL EMPLOYERS****CURRENT YEAR****(UNAUDITED)**

Employer	2015		Percentage of Total City Employment
	Employees	Rank	
Tarleton State University	1,340	1	7.05%
FMC Company	580	2	3.05%
Saint Gobanin Abrasives	452	3	2.38%
Wal-Mart Stores, Inc.	432	4	2.27%
Scheiber Foods	400	5	2.11%
Texas Health Harris Methodist	280	6	1.47%
Tejas Tubular (Caporal Forging)	187	7	0.98%
Fibergrate Composite Structures	116	8	0.61%
Stephenville ISD	277	9	1.46%
HEB	180	10	0.95%
Western Dairy Transport	194	11	1.02%
Erath County	180	12	0.95%
City of Stephenville	140	13	0.74%
Emerson Electric Company	139	14	0.73%
Stephenville Medical & Surgical	126	15	0.66%
Outlaw Conversions	128	16	0.67%
Bruner Motors	115	17	0.61%
PalCon	135	18	0.71%
United Cooperative Services	50	19	0.26%
Interbank	36	20	0.19%
Texstar Ford	42	21	0.22%
Reynolds Nationwide Transport	40	22	0.21%
Prime Buildings	45	23	0.24%
FFNB	33	24	0.17%
USTRA (USTRC)	40	26	0.21%
Subtotal	5,687		29.94%
Remaining Employers	13,310		70.06%
Total	18,997		100.00%

**Source:**

City Community Development Division. Total employee data is provided by the State Department of Commerce and labor.

**Notes:**

Total employee information is based on entire Erath County. Principal employers are only those that operate from within the corporate city limits of Stephenville.

Data for the period nine years prior to the current period is not available.

**CITY OF STEPHENVILLE, TEXAS**  
**FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Function/Program	Full-Time-Equivalent Employees as of Year End									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2014
<b>General Government</b>										
Management Services	4	4	4	4	4	4	4	4	4	4
Finance	7	7	7	7	7	7	7	7	7	7
Planning	2	2	2	2	2	2	2	2	2	2
Building	2	2	2	2	2	2	2	2	2	2
Other	1	1	1	1	1	1	2	2	2	2
<b>Police</b>										
Officers	31	34	38	38	38	38	38	39	39	39
Civilians	13	12	12	12	12	12	12	12	16	16
<b>Fire</b>										
Firefighters and Officers	27	28	31	31	31	31	31	31	31	31
<b>Parks and Recreation</b>	13	13	13	13	13	13	14	13	13	13
<b>Library</b>	4	3	3	3	3	3	3	3	3	3
<b>Streets</b>	7	7	7	7	7	7	7	7	7	7
<b>Water</b>	10	13	13	13	13	13	13	13	13	13
<b>Wastewater</b>	8	5	5	5	5	5	5	5	5	5
<b>Landfill</b>	2	2	2	2	2	2	2	2	2	3
<b>Total</b>	<u>131</u>	<u>133</u>	<u>140</u>	<u>140</u>	<u>140</u>	<u>140</u>	<u>142</u>	<u>142</u>	<u>146</u>	<u>147</u>

Source:  
 City Human Resources Office

Notes:  
 A fulltime employee is scheduled to work 2080 hours per year (including vacation and sick leave). Fulltime equivalent employment is calculated by dividing total labor hours by 2080.

**CITY OF STEPHENVILLE, TEXAS****OPERATING INDICATORS BY FUNCTION/PROGRAM****LAST TEN FISCAL YEARS****(UNAUDITED)**

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Government</b>										
Building Permits Issued	125	153	135	109	90	148	96	113	90	93
Building Permits Value (000's)	\$12,263	\$16,145	\$27,821	\$11,978	\$8,456	\$29,365	\$11,175	\$49,204	\$19,061	\$10,829
<b>Police</b>										
Calls for Service	11,234	11,730	11,739	12,730	13,424	17,278	11,166	10,566	9,836	14,631
Physical Arrests	999	1,447	1,023	953	916	717	882	1,123	846	806
Parking Violations	334	498	171	206	346	401	417	520	258	467
Traffic Violations	3,066	4,469	2,473	1,634	1,478	4,639	2,035	5,357	7,338	5,665
<b>Fire</b>										
Ambulance Responses	1,255	1,537	1,472	1,502	1,442	1,524	1,517	1,555	1,592	1,733
Fire Responses	305	235	219	230	241	282	229	276	251	294
Inspections	105	313	280	326	359	316	289	551	456	444
<b>Refuse Collection</b>										
Refuse Collected (tons)	--	--	--	--	15,984	15,538	16,930	18,393	21,729	22,494
<b>Other Public Works</b>										
Street Resurfacing (miles)	1.52	2.70	2.23	2.68	1.25	0.90	1.30	1.32	--	--
<b>Library</b>										
Volumes in Collection	47,510	43,737	43,827	44,200	39,333	33,709	32,504	33,316	35,171	36,759
Total Volumes Borrowed	114	116	94	227	129	132	161	25	6	12
<b>Water</b>										
New Connections	5,550	5,660	5,670	5,700	5,624	5,698	5,920	6,181	6,000	6,442
Water Main Breaks	48	49	44	61	62	70	80	47	59	57
Average Daily Consumption (thousands of gallons)	2,254,000	1,828,000	2,080,000	2,004,000	1,970,000	2,447,000	2,115,000	2,107,000	1,983,000	1,945,000
Peak Daily Consumption (thousands of gallons)	4,397,000	3,091,000	3,848,000	3,663,000	3,666,000	4,765,000	3,937,000	3,937,000	3,176,000	3,505,000
<b>Wastewater</b>										
Average Daily Sewage Treatment (thousands of gallons)	1,414,000	1,691,000	1,548,000	1,518,000	1,745,000	1,395,000	1,610,000	1,453,000	1,433,000	1,444,000
<b>WW Peak</b>	--	--	--	--	--	2,716,000	4,494,000	3,158,000	2,737,000	7,106,000

Source:

Various City Departments

**CITY OF STEPHENVILLE, TEXAS**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	10	10	10	10	10	10	10	10	10	10
<b>Fire</b>										
Stations	2	2	2	2	2	2	2	2	2	2
<b>Other Public Works</b>										
Streets (miles)	92	96	96	96	91	91	91	92	92	92
Highways (miles)	19	21	21	21	23	23	23	23	23	23
Streetlights	1,013	1,070	1,080	1,096	1,119	1,121	1,125	1,127	1,127	1,145
<b>Parks and Recreation</b>										
Acreage	134	134	130	130	130	130	130	130	130	130
Playgrounds	4	4	4	4	4	4	4	4	4	4
Baseball/Softball Diamonds	9	9	9	9	11	11	11	11	11	11
Soccer/Football Fields	1	1	1	1	1	1	1	1	1	1
Community Centers	2	2	2	2	2	2	2	2	2	2
<b>Water</b>										
Water Mains (miles)	120	122	124	125	125	126	126	126	126	126
Fire Hydrants	680	692	720	735	771	788	798	798	798	798
Storage Capacity (thousands of gallons)	5,500,000	5,500,000	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000
<b>Wastewater</b>										
Sanitary Sewers (miles)	110	113	114	115	115	116	116	116	116	116
Storm Sewers (miles)	10.0	10.0	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5
Treatment Capacity (thousands of gallons)	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000

Sources:  
 Various City Departments

Note:  
 No capital asset indicators are available for the general government function.

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